MAR 15 1956
HAROLD B. WILLEY, C

IN THE

Supreme Court of the United States

OCTOBER TERM, 1955

No. 766

MILWAUKEE ELECTRIC TOOL CORPORATION,
a Wisconsin Corporation,
Petitioner,

v.

ALBERT S. JOHANN,
Respondent.

Petition for a Writ of Certiorari to the Supreme Court of the State of Wisconsin

---

SUEL O. ARNOLD,
Counsel for Petitioner,
Empire Building,
Milwaukee 3, Wisconsin.

Of Counsel:
ROBERT SHERIFFS MOSS,
821 15th Street N.W.,
Washington 5, D. C.

Printed by Law Reporter Printing Co., 518 5th St., Wash., D. C.

INDEX

	Page
OPINIONS BELOW	1
STATEMENT OF JURISDICTIONAL GROUNDS	2
QUESTION PRESENTED	2
STATUTES INVOLVED	3
STATEMENT	4
REASONS RELIED UPON FOR GRANTING THE WRIT	7
1. The Supreme Court of the State of Wisconsin Has Decided a Federal Question of Substance Not Heretofore Determined by This Court	7
a. Estoppel Arising Out of a Patent Royalty Agreements Is a Federal Question Not Governed by State Estoppel Rules. MacGregor v. Westinghouse Electric & Mfg. Co., 329 U. S. 402, 407; Scott Paper Co. v. Marcalus Mfg. Co., 326 U. S. 249, 256-257; Sola Electric Co. v. Jefferson Electric Co., 317 U. S. 173, 63 S. Ct. 172, 87 L. Ed. 165	8
b. The Decision of the Wisconsin Supreme Court Is an Unwarranted Extension of the Marking Provisions of Title 35 of the United States Code. Kenyon v. Automatic Instrument Co., 186 F. 2d 752; Cert. Den. 342 U. S. 820, 72 S. Ct. 37, 96 L. Ed. 620	10
2. The Wiconsin Supreme Court Has Decided a Federal Question of Substance, Not Heretofore Determined by This Court, Which Is in Conflict with a Decision of One of the United States Courts of Appeal	11
a. Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 (CCA 6) Holds That a Patent Notice Listing a Patent Number Does Not Estop the Person Giving Such Notice from Denying That the Device Was Not Manufactured Under the Patent Listed	11

CASES CITED

Andrews v. Landers (D. C. Conn.), 72 F. 666	9
Collis v. Consolidated Machine Tool Corp., 41 F. 2d 641 (CCA-8)	9
Harley C. Loney v. Perfect Equipment Corp., 178 F. 2d 165 (CCA-7)	9
Harvey Radio Laboratories, Inc. v. U. S., 115 F. Supp. 444, 126 Ct. Cl. 294; Cert. Den. 346 U. S. 937, 74 S. Ct. 377, 98 L. Ed. 425	10

DEC 5 1957

236374

Kant-Skore Piston Co. v. Sinclair Mfg. Corp., 32 F. 2d 882 (CCA-6) 9

Kenyon v. Automatic Instrument Co., 186 F. 2d 752, 755 (CCA-6); Cert. Den. 342 U. S. 820, 72 S. Ct. 37, 96 L. Ed. 620 ..... 9, 11, 12

MacGregor v. Westinghouse Electric & Mfg. Co., 329 U. S. 402, 407 .. 8

Scott Paper Co. v. Marcalus Mfg. Co., 326 U. S. 249, 256-257, 66 S. Ct. 101, 90 L. Ed. 47 8

Singer Manufacturing Co. v. June Manufacturing Co., 163 U. S. 169, 16 S. Ct. 1002, 41 L. Ed. 118 8

Sola Electric Co. v. Jefferson Co., 1942, 317 U. S. 173, 63 S. Ct. 172, 87 L. Ed. 165 8

West Point Manufacturing Company v. Detroit Stamping Company, 222 F. 2d 581 (CCA-6) 9

STATUTES CITED

28 U.S.C. Sec. 1257(3) 2

35 U.S.C. Sec. 287 ..... 3, 8, 11

35 U.S.C. Sec. 292 ..... 3, 4, 8, 11

In The

Supreme Court of the United States

October Term, 1955

No.

Milwaukee Electric Tool Corporation,
a Wisconsin Corporation,
Petitioner,

v.

Albert S. Johann,
Respondent.

Petition for a Writ of Certiorari to the Supreme Court of the State of Wisconsin

---

To the Honorable Earl Warren, Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, MILWAUKEE ELECTRIC TOOL CORPORATION, respectfully prays that a Writ of Certiorari issue to review the judgment of the Supreme Court of the State of Wisconsin, dated October 11, 1955, and which the court refused to modify after a motion for rehearing on December 6, 1955.

OPINIONS BELOW

The opinion of the Supreme Court of the State of Wisconsin is reported in 270 Wis. 573, 72 N.W. 2d 401. A previous and related opinion of the Supreme Court of the

State of Wisconsin in this case is reported in 264 Wis. 447, 59 N.W. 2d 637. Both of these opinions are set forth in full in the Appendix to this petition.

The opinion of the Trial Judge granting Respondent's motion for judgment on the verdict of the Jury is not reported, but is printed in Petitioner's Appendix filed in the court below, a copy of which has been filed in this Court as a part of the transcript of the record below. This opinion is also set forth in full at pages 44-49 of the Appendix to this petition.

STATEMENT OF JURISDICTIONAL GROUNDS

The opinion of the Supreme Court of the State of Wisconsin and its judgment affirming judgment in favor of Respondent below was made and entered on October 11, 1955. Petition for rehearing, timely filed, was denied December 6, 1955.

Upon application of Petitioner filed February 29, 1956, the Honorable Sherman Minton, Associate Justice of this Court, entered an order extending the time for the filing of a petition for writ of Certiorari in this case to and including March 15, 1956.

The nature of the case is stated below at pages 4-7 This Court has jurisdiction of the question presented under the provisions of Title 28 U.S.C. § 1257(3).

QUESTION PRESENTED

In an action for patent royalties, is an assignee of a patent estopped to deny that it manufactured and sold a tool embodying the assignor's invention, merely by reason of the erroneous or inadvertent affixing thereon of a label bearing the number of assignor's patent and the number of a patent of the assignee, in which assignor had no interest, where (a) it is conceded that the tool manufactured and sold did not embody the invention of the assignor; (b) none of the claims of the patent of the assignor read on the patent owned by the assignee and used in the manu-

facture and sale of the tool; (c) no tools embodying the invention of the assignor had ever been manufactured and sold by the assignee; (d) no royalties had ever been paid or claimed by assignor during the period of time covered by such multiple labeling; and (e) assignor's patent infringed upon a prior patent in which neither assignor nor assignee had an interest.

STATUTES INVOLVED

The general principal here involved is the extent of the protection of the monopoly accorded to inventors under the provisions of Title 35 of the United States Code. Indirectly involved are the provisions of Title 35, U.S.C. § 287 and § 292 covering marking, notice and false marking.

35 U.S.C. Sec. 287 reads as follows:

> "LIMITATION ON DAMAGES; MARKING AND NOTICE. Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.," together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice. July 19, 1952, c. 950, 1, 66 Stat. 813."

35 U.S.C. Sec. 292 reads as follows:

> "FALSE MARKING.
>
> (a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, or sold by him, the the name or any imitation of the name of the patentee, the patent number, or the words "patent," "pat-

entee," or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made or sold by or with the consent of the patentee; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word "patent" or any word or number importing that the same is patented, for the purpose of deceiving the public; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words "patent applied for," "patent pending," or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

Shall be fined not more than $500 for every such offense.

(b) Any person may sue for the penalty, in which event one-half shall go the person suing and the other to the use of the United States. July 19, 1952, c. 950, 1, 66 Stat. 814.

STATEMENT *

On May 27, 1949, Respondent commenced an action in the Circuit Court for Milwaukee County, Wisconsin, against Petitioner, to recover patent royalties under an oral agreement alleged to have been entered into in 1940. (App. 16, 18, 25, 28, 36.) The alleged oral agreement was, in all respects material to this proceeding, that set forth in a pro-

* References in the body of the Statement are to the Appendix submitted with this petition. Petitioner was unable to obtain a certified transcript of the record below, and has filed instead copies of the Appendices of the parties below, together with a copy of the proceedings, all duly certified by the Clerk of the Supreme Court of the State of Wisconsin. As it was impossible to obtain 9 copies of the Respondent's Appendix below, Petitioner has included such parts of the record so filed as are considered to be pertinent in the Appendix hereto. This case was previously before this Court on petition for a writ of Certiorari involving an earlier decision of the Supreme Court of Wisconsin, during the 1953 term. At that time the record was printed. To the extent that parts of that printed record are referred to herein, such parts have also been printed in the Appendix to this petition. The Appendix indicates the source of the material therein reproduced by reference to the transcript of record in the previous case or in this case.

posed written agreement which Respondent had refused to execute. (App. 13, 14, 19.) The alleged oral agreement would have required Petitioner to pay Respondent a royalty of $2.00 for every "Johann tool" manufacturer and sold by Petitioner. (App. 13, 14, 25, 28.)

In 1939 Respondent had invented a pneumatic hammer for straightening dents in automobile bodies. He assigned the invention, and the patent to be issued, to Petitioner. In October, 1941, the Patent Office issued patent No. 2,260,624 in the name of Respondent. (App. 24, 25, 36.) Petitioner made no payment to Respondent at the time of the assignment. (App. 25, 26.) The tool which Respondent invented was in anticipation of the tool invented by one Stull and infringed Stull patent No. 2,163,715. (App. 7, 17, 30, 31.)

In the early part of 1941, Beckwith, the engineer employed by Petitioner, and W. H. Lieber, Petitioner's patent attorney, invented a pneumatic hammer known as the Beckwith-Lieber tool. Respondent knew that his patent infringed the Stull patent, was informed of the invention of the Beckwith-Lieber tool and of the filing of a patent application therefore, and that the "Johann Tool" would not be manufactured. (App. 7, 26, 30, 31.) The United States Patent Office issued a patent for the Bechwith-Lieber tool on May 5, 1942. (App. 25.) Respondent's patent contained no claims which read on the Beckwith-Lieber tool. (App. 25, 26, 31.)

Petitioner commenced the manufacture and sale of the Beckwith-Lieber tool in the spring of 1941 and continued to manufacture and sell that tool until the shortage of metal during the war prevented further production. (App. 26, 33.) During this period Petitioner attached metal tags to the Beckwith-Lieber tool bearing the legend "Patent applied for." (App. 26, 27, 33.)

At the close of the war in 1945, Petitioner resumed the manufacture of the Beckwith-Lieber tool. Metal tags were affixed to these tools bearing the patent number of the Beckwith-Lieber patent and also the patent number of Re-

spondent's patent, which was erroneously or inadvertently included. (App. 17, 18, 27, 31, 33.) Commencing in 1945 Petitioner manufactured and sold more than 6,000 Beckwith-Lieber tools with such metal tags affixed bearing both patent numbers. In 1948 Petitioner's President learned that Respondent's patent number had been affixed to the Beckwith-Lieber tool and thereafter Respondent's patent number was no longer placed on the metal tags affixed to such tools. (App. 17, 25, 27.) No royalties were ever paid Respondent. (App. 10, 13.)

It was conceded in the original trial before the Circuit Court of Milwaukee County, before the Supreme Court of the State of Wisconsin and in the subsequent trial hereinafter referred to, that no pneumatic tools embodying Respondent's invention were ever manufactured and sold by Petitioner. (App. 22.) At the first trial, on Petitioner's motion, the Court directed a verdict for Petitioner on the question of the existence of the alleged oral patent royalty agreement and on the question of a claimed release. (App. 34, 35.) On appeal the Supreme Court of the State of Wisconsin reversed the judgment of the trial court with directions to grant a new trial on the issues of whether or not there had been an oral patent royalty agreement and whether or not a release given by Respondent in fact released all claims under the alleged oral patent royalty agreement. (App. 20, 22, 23.) In remanding with instructions to grant a new trial as aforesaid, the Supreme Court of the State of Wisconsin held that Petitioner was estopped to deny that it manufactured or sold any pneumatic tools embodying Respondent's invention, because of the affixing of the label bearing patent numbers of both the Respondent's and the Beckwith-Lieber patents to the Beckwith-Lieber tools manufactured by Petitioner. (App. 22, 23.) Because of doubt as to whether or not the decision of the Supreme Court of the State of Wisconsin was a final judgment, Petitioner sought Certiorari in this Court during the October 1953 term, contending that the judgment of the

Supreme Court of the State of Wisconsin was a final judgment for the purposes of petition for a writ of certiorari. This Court denied the petition. No. 512, October 1953 term, 347 U. S. 913, 74 S. Ct. 477, 98 L. Ed. 1069.

Prior to the second trial Petitioner attempted to amend its answer and to raise specifically the factual issues which it was contended made the doctrine of estoppel inapplicable. (App. 38-41.) Petitioner's motion was denied and the Court submitted the case to the Jury on a special verdict limited solely to the issues described in the remand of the Supreme Court of the State of Wisconsin. (App. 43, 44.) Petitioner moved for judgment notwithstanding verdict on the ground, *inter alia*, that notwithstanding the decision of the Supreme Court of the State of Wisconsin, it being conceded that Petitioner had not manufactured any tools embodying Respondent's invention, that it was not estopped to deny that fact. The Court denied Petitioner's motions and granted judgment for the Respondent. (App. 44-49.) On appeal to the Supreme Court of the State of Wisconsin, that Court reconsidered its former opinion and held again that the affixing of the patent number of both the Respondent's patent and the Beckwith-Lieber patent on the pneumatic tool manufactured by Petitioner was sufficient to give rise to the doctrine of estoppel. (App. 5, 6.) Accordingly, the judgment in favor of Respondent, under the terms of the oral contract found to exist by the Jury in the Court below, was affirmed.

REASONS RELIED UPON FOR GRANTING THE WRIT

1. The Supreme Court of the State of Wisconsin has decided a Federal question of substance not heretofore determined by this Court.

The decision of the Wisconsin Supreme Court in effect extends the marking provisions of 35 U.S.C. § 287 and 35 U.S.C. § 292, beyond the plain language and import thereof,

to provide that an assignee of patent by merely marking the patent with the number thereof together with one or more other patent numbers, in which the assignor has no interest, is estopped to deny that the device embodied the invention of the assignor.

The question thus presented is a Federal question which cannot be governed by state estoppel rules. *McGregor* v. *Westinghouse Electric & Manufacturing Company,* 329 U. S. 402, 67 S. Ct. 421, 91 L. Ed. 380; *Sola Electric Co.* v. *Jefferson Electric Co.,* 317 U. S. 173, 63 S. Ct. 172, 87 L. Ed. 165; *Scott Paper Co.* v. *Marcalus Mfg. Co.,* 326 U. S. 249, 66 S. Ct. 107, 90 L. Ed. 47.

The case of *Singer Manufacturing Co.* v. *June Manufacturing Co.,* 163 U. S. 169, 16 S. Ct. 1002, 41 L. Ed. 118, cited by the Wisconsin Supreme Court, does not support that Court's decision. That case is authority only for the proposition that upon the expiration of a patent, a party may manufacture and copy the article patented in the identical shape, form and appearance in which it was constructed during the existence of the patent, and that the only obligation on the copier is to avoid misleading the public into the belief that the article is manufactured by the prior patent owner. See *West Point Manufacturing Company* v. *Detroit Stamping Company,* 222 F. 2d 581.

The case of *Andrews* v. *Landers,* 72 F. 666 (D. C. Conn.) also relied upon by the Supreme Court of the State of Wisconsin is distinguishable on its facts. In that case, the assignor had a license to make certain patented articles, manufactured articles under that patent for a number of years and paid license fees under the license agreement for a number of years. The Court found that under those particular facts and circumstances that an estoppel applied as a matter of law stating: "I hold as a matter of law, that Defendant having stamped said faucets with the Andrews patent, and having accounted and paid for the same, is estopped to deny that they do not carry the patented improvement of Andrews."

POO

Other decisions on the subject follow the pattern of the Andrews case, supra. See *Harley C. Loney* v. *Perfect Equipment Corp.* (CCA-7), 178 F. 2d 165; *Kant-Skore Piston Co.* v. *Sinclair Mfg. Corp.* (CCA-6), 32 F. 2d 882; *Collis Co.* v. *Consolidated Machine Tool Corp.* (CCA-8), 41 F. 2d 641. In each of these cases the identical tool covered by the inventor's patent, or substantially the same tool, was manufactured during the period for which royalty was claimed. In the Collis case the identical tool was manufactured for 17 years and royalties were paid upon the device during all that period of time.

In the more recent case of *Kenyon* v. *Automatic Instrument Co.* (CCA-6), (1951), 186 F. 2d 752, the patent notice listed 14 patents, including that of the Plaintiff. The Court held that under the factual conditions established, although defendant could not deny the validity of the Kenyon patent, it was not estopped to deny that the instruments manufactured did not come within the scope of the patent. See discussion under paragraph 2, *infra.*

An analysis of these cases suggests that none of them are authority for any extension of the marking provisions of Title 35 of the United States Code. Rather, they suggest that the Courts were dealing with the ordinary doctrine of estoppel. It is generally held that where one party with knowledge or means of knowledge of his rights and of material facts does what amounts to a recognition of a transaction as existing, or acts in a manner inconsistent with its repudiation, or permits the other party to deal with the subject matter under belief that the transaction has been recognized, or abstains for a considerable length of time from impeaching it, so the other party is reasonably induced to suppose that it is recognized, there is acquiescence, and the transaction, though it be impeachable in the first instance, becomes unimpeachable under the doctrine of equitable estoppel. See, for example, *Harvey Radio Laboratories, Inc.* v. *U. S.*, 115 F. Supp. 444, 126 Ct. Cl. 294; cert. den. 346 U. S. 937, 74 S. Ct. 377, 98 L. Ed. 425.

COPY

In the case at bar the oral royalty agreement was entered into in the fall of 1940; the letters patent on Respondent's invention did not issue until October 28, 1941; Petitioner manufactured the Beckwith-Lieber tool under a "patent applied for" notice after the Respondent's patent issued and before the Beckwith-Lieber patent issued; Respondent knew that his patent infringed a prior patent issued to one Stull and that the tool being manufactured was not within the scope of his patent; Respondent's patent number was not placed on the tool until 1945 and then only in company with the Beckwith-Lieber patent number; this marking was erroneous or inadvertent and continued only until 1948 when Petitioners Officers first learned that it had been placed on the tool; and Respondent claimed no royalties until the commencement of his action. No equitable estoppel could arise under these circumstances.

The Wisconsin Supreme Court decision is thus left as the only authority for the proposition that marking alone is sufficient to invoke the doctrine of estoppel. This extension of the marking provisions of Title 35, U.S.C. §§ 287, 292 should not be permitted to stand unless this Court, after a review, is satisfied that such an extension is warranted. In addition, multiple patent applications to manufacturing processes and product development in the economy has become customary. Multiple listing of patent numbers on manufactured products is common. Error and inadvertence in listing such numbers is inescapable. This Court, it is respectfully submitted, should determine the extent of the liability, if any, of patent assignees and licensees who erroneously or inadvertently include patent numbers in the patent notice affixed to an article which is not within the scope of all of such patents. False marking is not involved as the statute (35 U.S.C. 287) carries its own penalty.

2. The Wisconsin Supreme Court has decided a federal question of substance, not heretofore determined by this

Court, which is in conflict with a decision of one of the United States Circuit Courts of Appeal.

In the case of *Kenyon* v. *Automatic Instrument Co., supra,* the patent notice recited that the device was manufactured and sold under one or more of 14 patents, the numbers of which were listed. Kenyon had licensed the defendant's predecessor and had received royalties for a number of years. Subsequently, manufacturing under the Kenyon patent was abandoned and entirely new devices were manufactured. However, the Kenyon patent number continued to be listed on the patent notice. The Court, observing that no royalties were paid thereafter, that Kenyon knew that the new machines did not embody his patent, and that he made no claim to royalties until he commenced his action, held that the inclusion of the Kenyon patent number was a meaningless patent notice and did not entitle Kenyon to the benefits of the doctrine of estoppel.

The similarity between the factual circumstances in the Kenyon case and the case at bar is significant. As has been indicated the oral patent royalty agreement here involved was entered into in 1940; Respondent knew that the Beckwith-Lieber tool did not embody his invention and that his invention could not be used because it infringed the Stull patent; he made no claim to royalties until he instituted this action on May 27, 1949; and no royalties were ever paid to him. The patent notice was, therefore, meaningless, Petitioner received no benefits therefrom, and should not now be estopped to deny that the invention was used, and that any "Johann" tools were ever manufactured and sold.

The decision in the Kenyon case was left unchallenged when this Court denied certiorari. 342 U. S. 820, 72 S. Ct. 37, 96 L. Ed. 620. It is, therefore, respectfully submitted that this Court should resolve the conflict between the Circuit Court of Appeals for the Sixth Circuit and the Wis-

consin Supreme Court, on a question which may substantially affect the interests and rights of assignors and assignees in the patent monopoly created upon issuance of letters patent under the laws of the United States.

Respectfully submitted,

SUEL O. ARNOLD,
Counsel for Petitioner,
Empire Building,
Milwaukee 3, Wisconsin.

Of Counsel:
ROBERT SHERIFFS MOSS,
821 15th Street N.W.,
Washington 5, D. C.

APPENDIX

APPENDIX

TABLE OF CONTENTS

	Page
Opinion of Supreme Court of the State of Wisconsin, Filed October 11, 1955	1
Opinion of Supreme Court of the State of Wisconsin, Filed July 3, 1953	16
Narrative Statement of Testimony of Witnesses and Proceedings, Including Directed Verdict, at First Trial of This Case Before the Circuit Court of Milwaukee County; Source—Transcript of Record Filed and Printed in This Court in No. 512, October Term	24
Respondent's Complaint; Source—Transcript of Record; Petitioner's Appendix Filed in Court Below	35
Petitioner's Amended Answer; Source—Transcript of Record; Petitioner's Appendix Filed in Court Below	37
Petitioner's Motion for Leave to Amend Answer; Source—Transcript of Record; Petitioner's Appendix Filed in Court Below	38
Petitioner's Exhibit 9—Unexecuted Royalty Agreement Upon Which Respondent's Alleged Oral Agreement Is Based; Source—Transcript of Record; Petitioner's Appendix Filed in Court Below	41
Special Verdict on Second Trial; Source—Transcript of Record; Petitioner's Appendix Filed in Court Below	43
Decision of Trial Court on Motions After Verdict on Second Trial; Source—Transcript of Record; Petitioner's Appendix Filed in Court Below	44

APPENDIX

IN SUPREME COURT OF WISCONSIN

ALBERT S. JOHANN, *Respondent*

v.

MILWAUKEE ELECTRIC TOOL CORP., A WIS. CORPORATION, *Appellant*

OPINION—FILED OCTOBER 11, 1955

APPEAL from a judgment of the circuit court for Milwaukee county: WILLIAM I. O'NEILL, Circuit Judge. Affirmed.

Action by the plaintiff Albert S. Johann, to recover royalties from the defendant Milwaukee Electric Tool Corporation, alleged to be due under a parol contract entered into between the parties.

This is the second time that this case has been before this court, our decision on the former appeal being reported in *Johann v. Milwaukee Electric Tool Corporation* (1953), 264 Wis. 447, 59 N.W. (2d) 637. Such first appeal reached us after a trial had been had upon the merits in which the trial court had directed a verdict in favor of the defendant. This court reversed on the ground that there was sufficient credible evidence to support a verdict in favor of the plaintiff, if the jury so found.

A second trial was held wherein the trial court submitted a special verdict consisting of two questions, which questions, together with the answers of the jury thereto, are as follows:

> "First Question: Did the plaintiff, Albert S. Johann, and the corporate defendant, Milwaukee Electric Tool Corporation, through its duly authorized officer Albert Siebert, enter into an oral agreement during the summer of 1940 under the terms of which the corporate defendant agreed to pay to the plaintiff the sum of $2.00 for the manufacture and sale of each Johann tool, not

to exceed, however, the sum of $10,000.00? Answer: Yes.

"Second Question: If you answer Question No. 1 'Yes', then answer this question:

"Did the plaintiff, Albert S. Johann, receive and accept from the defendant, Milwaukee Electric Tool Corporation, pursuant to an agreement between the plaintiff and the defendant, under date of October 15, 1952, check No. B-21484, dated October 10, 1942, in the amount of $1,000.00, together with a non-interest bearing note payable in the amount of $1,000.00, on the 15th day of April, 1943, in full settlement, discharge and satisfaction of all of the claims and demands of the plaintiff, Albert S. Johann, for royalties past, present and future? Answer: No."

Judgment was rendered upon such special verdict in favor of the plaintiff and against the defendant in the sum of $10,000, plus interest and costs, aggregating in all $13,184.55. From such judgment defendant appeals.

CURRIE, J. The following issues are presented on this appeal:

(1) Whether there is insufficient credible evidence to support the findings of the jury made in their special verdict.

(2) Whether the trial court erroneously misinterpreted the mandate of this court in *Johann v. Milwaukee Electric Tool Corporation*, 264 Wis. 447, 59 N.W. (2d) 637, in restricting the issues to be litigated at the second trial to the two questions submitted in the special verdict, and in denying a motion of defendant made during the course of the trial to amend his answer so as to set up additional defenses.

(3) Whether this court should recede from its determination made on the prior appeal wherein it held that the defendant was estopped to deny that certain tools manufactured and sold by it, having attached thereto identification tags bearing the patent registration number of the patent issued upon plaintiff's invention, actually embodied such invention.

(4) Whether there has been a failure of consideration which has relieved defendant from the obligation to pay defendant the $10,000 due under the 1940 parol contract found by the jury to have been entered into between the parties.

(5) Whether the trial court committed prejudicial error in its rulings on evidence and its instructions to the jury which would entitle the defendant to a new trial.

Substantially the same testimony and evidence was adduced in behalf of plaintiff on the two issues submitted to the jury in the special verdict on the second trial as at the first trial. In our opinion on the first appeal we held that there was sufficient credible evidence to support a jury finding that the parties had entered into the parol contract in 1940 alleged by the plaintiff, and that the subsequent written agreement of October 15, 1942, and the payment pursuant thereto by the defendant of $2,000, did not constitute an accord and satisfaction of plaintiff's claim for royalties based on the 1940 parol contract. Appellant has presented nothing on this appeal which has caused us to question the soundness of our holding on the first appeal as to this issue, and we adhere thereto. The plaintiff did give contradictory testimony in some respects but the question of his credibility lay solely within the province of the jury. While the complaint alleged that the parol contract upon which plaintiff bases his cause of action was entered into between the parties in October, 1940, and at the second trial plaintiff testified the same was entered into in the summer of 1940, we do not consider the same to constitute such a fatal variance as to preclude the plaintiff's right of recovery.

In our opinion on the first appeal this court stated (264 Wis., at p. 455):

> "Therefore, it is necessary that the cause be remanded for a new trial on the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff, and as to whether the subsequent agreement of October 15, 1942, was intended by the parties as a

release of all rights of plaintiff for royalties. If both of these questions at the new trial should be answered in favor of the plaintiff, then plaintiff would be entitled to judgment in the sum of $10,000 as prayed for in his complaint inasmuch as more than 5,000 pneumatic tools were marketed by defendant having identification tags attached bearing the patent-registration number covering plaintiff's invention."

The mandate which followed the above-quoted statement remanded the cause for a new trial "consistent with this opinion".

The learned trial court construed our mandate on the former appeal as not remanding the cause for a new trial on all issues but only as to the two issues stated in the above quoted extract from our opinion. Counsel for appellant, on the other hand, maintained throughout the second trial that such new trial was not to be so restricted, but was open to all issues litigated, or which might have been litigated at the first trial. Not only was it our intention by our opinion and mandate on the former appeal to so limit the issues to be tried on the second trial, as interpreted by the trial court, but we deem the words used by us in phrasing such intention to have been unambiguous and not open to the construction argued for by appellant's counsel.

Furthermore, defendant on the first appeal moved for a rehearing and filed a brief in support thereof, which brief raised no issue with respect to the question of whether an unlimited new trial, or one restricted to limited issues, had been directed by our mandate. If defendant had considered that there was any ambiguity in the opinion and mandate on this point, that was the proper time to raise the point, and not before the trial court during the course of the second trial.

On this appeal, defendant attempts to raise the issues of the Statute of Frauds and the Statute of Limitations. However, we do not feel called upon to consider the arguments advanced on these points because the same are without the

restricted issues to which the second trial was confined by our mandate.

During the couse of the second trial, defendant moved for leave to file an amended answer setting up additional defenses not contained in the original answer. One of such defenses was that defendant, at the time of entering into the alleged parol agreement of 1940 for the payment of royalties, already possessed shop rights in plaintiff's invention, so that consideration was utterly lacking to support defendant's promise to pay royalties. Because this court, by its mandate on the first appeal, had restricted the issues to be litigated at the second trial, the trial court properly denied defendant's motion for leave to file such amended answer. However, lacking such basis for denying the motion, it would not have been an abuse of discretion for the trial court to have denied the same upon the ground of it not having been timely made.

Counsel for appellant has requested us to reconsider the determination we made on the first appeal whereby we held that the defendant, by its act of attaching tags to 6,225 tools manufactured by it, which tags bore the patent registration number of plainiff's invention, was estopped thereby to deny that the tools bearing such tags embodied plaintiff's invention. The brief filed by defendant with this court in support of its motion for rehearing on the first appeal was addressed solely to such holding of estoppel. After this court denied such motion for rehearing, defendant petitioned to the United States supreme court for certiorari, which petition was denied February 8, 1954, *Milwaukee Electric Tool Co. v. Johann*, 347 U. S. 913, 74 Sup. Ct. 477, 98 L.Ed 1069. With such full consideration having already been accorded this issue we might quite appropriately hold that our former determination on this issue was "the law of the case". However, as pointed out in *McGovern v. Eckhart* (1929), 200 Wis. 64, 77, 227 N.W. 300, this court does not deem itself bound to so strictly adhere to the court made

rule of "law of the case" as to preclude us from correcting a manifest error.

The result of further research into such issue of estoppel not only has failed to cause us to question the correctness of our original determination thereon, but has strengthened us in conviction that the same was correctly made. For example, Ellis, Patent Assignments and Licenses (2d ed.), p. 608, sec. 568, states:

> "Royalties are payable on articles outside of the scope of the patent claims if licensee, in making and selling the same, holds himself out as operating under the patent. . . .
> "The usual way of proving that the licensee has claimed the protection of the patent is by showing that he marked the articles he sold with the number of the license patent."

The United States district court for the western district for New York in *Lathrop v. Rice & Adams Corporation* (1936), 17 Fed. Supp. 622, 626, relied on the fact that the defendant licensee had used name plates on all machines manufactured and sold by it, on which were listed the plaintiff's patents, as one of the grounds for holding that the defendant was estopped to deny that the machines contained the patented improvements of the plaintiff.

It is the position of defendant that there was a failure of consideration with respect to its verbal covenant to pay a royalty for use of the plaintiff's invention of $2 per unit, subject to the limitation that the maximum royalty so payable should not exceed $10,000, because plaintiff's invention proved to be worthless inasmuch as it infringed on the Stull patent owned by the Chicago Pneumatic Company. In considering such contention it is first necessary to briefly review certain facts.

On December 6, 1939, Johann assigned in writing his invention to the defendant, and defendant, as such assignee, immediately proceeded to file an application for letters patent with the United States patent office. Such assignment

of invention and filing of the application for letters patent preceded the making of the alleged verbal agreement for payment of royalties in the summer of 1940. Plaintiff had demonstrated his invention at an auto show held in Chicago in November or December, 1939, and, while there, had been informed that the same was claimed to infringe the Stull patent. Plaintiff, upon returning to Milwaukee, told Siebert, the president and principal stockholder of defendant, about the claimed infringement. Thus Siebert possessed as much information as did plaintiff about the claimed infringement at the time of entering into the verbal agreement for payment of royalties in the summer of 1940. The United States patent office issued a letters patent to defendant, as plaintiff's assignee, for plaintiff's invention under date of October 28, 1941. As stated in our opinion on the first appeal, it was between August 1, 1945, and December 31, 1948, that defendant manufactured and sold the 6,225 tools which had attached thereto identification tags bearing the registration number of said patent issued upon plaintiff's invention.

Defendant's answer did not plead failure of consideration as an affirmative defense, and the majority rule is that partial or total failure of consideration, and the facts constituting such failure, must be so pleaded. 17 C. J. S., Contracts, p. 1192, sec. 556. Not having been so pleaded such defense was without the issues required to be litigated on the second trial as restricted by the mandate of this court rendered on the first appeal.

Even if the defendant had not been so precluded from raising the issue of failure of consideration at the second trial, we consider that it could not have prevailed on such issue. It entered into the 1940 verbal agreement knowing at least that there was some question as to whether plaintiff's invention infringed the Stull patent. Nevertheless, defendant agreed to pay up to $10,000 in royalties if it manufactured and sold tools embodying such invention, it being optional with defendant whether or not it made any use of the same. After the patent was issued upon plain-

tiff's invention, it manufactured and sold over 6,000 tools to which it attached tags bearing the registration number of such patent. Because of so doing, we have held that defendant is estopped to deny that such tools embodied plaintiff's invention. Therefore, the defendant has had the benefit of its bargain and the $10,000 is due plaintiff under the verbal royalty agreement.

We consider that the case of *Stentor Electric Mfg. Co. v. Klaxon Co.* (3rd Cir. 1940), 115 Fed. (2d) 268, is particularly in point on this issue of failure of consideration. In that case the defendant purchased certain patents from the plaintiff, and, in addition to paying plaintiff a substantial sum at the time of making the contract of purchase, defendant promised to pay plaintiff a certain percentage of defendant's net profits realized from the sale of articles manufactured and sold under such patents. Plaintiff sued for breach of contract and defendant interposed the defense that the patents were commercially valueless and that the articles manufactured by it did not embody the invention of such patents. As in the instant case, the defendant also maintained that its relationship to the plaintiff was not that of licensee but rather of assignee, the contemplated future royalty payments being part of the purchase price for the assignment. Nevertheless, the defendant marked the articles it manufactured with the words "patented" and "Stentor". The court, in its opinion, stated (115 Fed. (2d), at p. 273):

> "It is not necessary for the determination of this case to decide whether the defendant was an assignee or a licensee. There was no failure of consideration. The defendant got exactly the monopoly for which it bargained. It carried on its business under these patents throughout the term and accepted such benefits thereunder as it thought desirable to reap. Although at times the defendant questioned whether some of the articles it manufactured came within the scope of the patents it never raised the question of their validity. Having accepted all the benefits which the contract provided

should accrue to it the defendant may not now excuse its failure to perform by alleging it did not receive what it bargained for. The terms of the contract gave the sole right to manufacture the articles under the patent to the defendant. It enjoyed the monopoly it bargained for and there was no failure of consideration."

The instant case is readily distinguishable from the type of case where a party purchases an invention or patent, part or all of the purchase price being payable in future royalties, believing it has some merit, and thereafter he discovers that such is not the case because the invention or patent has no value because it infringes another patent, and, when sued for such royalties, defends on the ground of failure of consideration. Here the defendant agreed to pay the plaintiff royalties although fully apprised of the claim of infringement of the Stull patent. Nevertheless, defendant made use of the patent covering plaintiff's invention by placing metal tags bearing the registration number of such patent on a large quantity of tools manufactured and sold by it.

We now turn to the contention advanced by counsel for the defendant that the trial court committeed prejudicial error in its rulings on evidence and the manner in which it charged the jury, thereby entitling defendant to a new trial. Defendant's brief contains numerous assignments of error in support of such contention.

Plaintiff testified on direct examination as to the parts he remembered of a conversation he had with Siebert in 1942, preceding the execution of the written agreement dated October 15, 1942, which defendant contends constituted a complete settlement of all claims for royalties that plaintiff had against defendant, past, present, and future. Defendant's counsel thereafter sought by cross-examination of plaintiff to prove that in such conversation the plaintiff had called Siebert "a liar, a crook, a thief, a bastard", and made an offer of proof to such effect. The trial court on its own motion denied defendant's counsel

the right to put a question to plaintiff to elicit the facts stated in such offer or proof on the ground "that it would only tend to inflame the minds of the jury". Counsel complains that such ruling was error. We fully approve of the ruling and the reason advanced for the same. The rejected evidence had no probative value on the issues of the case, and its admission might have tended to prejudice the jury against the plaintiff.

Defendant's counsel sought to interrogate plaintiff as to whether he had ever made a demand upon the defendant for the $10,000 royalties before instituting suit for the same. The trial court sustained the objection to such line of questioning on the ground that it was immaterial to the limited issues to be retried at the second trial. We consider that plaintiff's failure to have made such demand was material on the issue of whether the October 15, 1942, agreement was a complete release by plaintiff of all claims for royalty, and, therefore, the ruling was erroneous. However, such error was not prejudicial because in earlier testimony at such second trial plaintiff had admitted that he had made no such demand. Therefore, the excluded testimony was already in the record.

On January 21st and 22nd, 1948, plaintiff's testimony was taken in a discovery examination at Milwaukee for use in the action of *Milwaukee Electric Tool Corporation v. Walray Manufacturing Company* pending in a federal court in Chicago. Defendant's counsel at the instant trial sought to cross-examine the plaintiff as to a statement the latter made in such testimony given by him in such federal discovery examination, and made an offer of proof to the effect that plaintiff had therein stated "that he had settled with the Milwaukee Electric Tool Corporation; that he was all through with the corporation; that it was water over the dam, and that they were still doing business together". The attorney for plaintiff objected on the ground that defendant's counsel could make use of such prior testimony only by way of impeachment after first asking plaintiff whether

he had ever made such a statement. The trial court sustained the objection and defendant's counsel then asked plaintiff if he had ever made the statement that he had settled with the defendant. Plaintiff answered that he had and that it occurred at such prior examination in Milwaukee before a court commissioner. After securing such admission counsel for the defendant abandoned the subject and made no further request of the court to read into the record any excerpt of plaintiff's testimony given at such discovery examination. Complaint is now made that the trial court erroneously excluded the prior testimony of plaintiff as recited in the offer of proof. We find no merit to such contention.

Defendant's counsel offered in evidence a letter dated September 10, 1942, written by Mr. Lieber, defendant's patent attorney, to defendant, to which offer the trial court sustained the objection of plaintiff's counsel that it was without the scope of the issues of the trial and self serving. In such letter, Lieber advised against the defendant agreeing to pay a royalty to plaintiff as to the Lieber-Beckwith hammer "as such payment would imply that the Johann patent actually has claims covering the present hammer", and recommended instead that Johann be paid $2,000 for special service "in the development of these portable fender hammers". Defendant's counsel contends that it was because of this advice that the October 15, 1942, agreement provided for the payment of $2,000 to plaintiff "in full settlement for special services" rendered by plaintiff, and, therefore, it was material on the issue of whether a full settlement had been made with plaintiff with respect to his payment for royalties". (A copy of such agreement is set forth verbatim in our former opinion on the first appeal. See 264 Wis. at p. 453) There is no claim made that such letter was shown to plaintiff or that in any conversation taking place between plaintiff and an officer of defendant such letter was referred to. We, therefore, hold that the

objection that the letter was self serving was properly sustained by the trial court.

Plaintiff's counsel, in alleging the verbal 1940 parol contract wherein defendant agreed to pay royalties to plaintiff, stated that such contract was made by defendant "for a valuable consideration". In cross-examining plaintiff, defendant's counsel asked plaintiff the following question: "What was the valuable consideration, Mr. Johann, which you stated in your complaint?" The attorney for plaintiff objected to the question as calling for a conclusion and invading the province of the court and jury, which objection was sustained. Defendant contends that such ruling constituted error. We deem the ruling to have been proper. In any event, it was not prejudicial because it is a conceded fact that in the case that Johann did assign over his invention to the defendant in order that defendant might procure the issuance of a patent in defendant's name as assignee, which assignment constituted the consideration for defendant's promise to pay royalties.

Error is claimed because of the inclusion by the trial court of the following statement in the instructions to the jury:

> "In the consideration of the evidence in this case, in your determination of your answer to this question [question no. 1], you are instructed that you are not to consider any evidence concerning whether or not the Johann tool infringed upon any existing patents. This is not an infringement case and infringement as such is not an issue in this action."

This assignment of error assumes that defendant was correct in claiming that failure of consideration was at issue in the case. In view of that which has heretofore been stated in this opinion on such issue of failure of consideration, it was entirely proper for the trial court to instruct the jury that infringement was not an issue in the action.

Error is assigned because of the refusal of the trial

court to give the following instruction requested by defendant's counsel:

> "You are instructed that in determining whether there was a meeting of the minds between Mr. Siebert and Mr. Johann which was necessary to constitute a contract as I have defined that term to you, you are at liberty to take into consideration the undisputed fact that no demand was made upon Mr. Siebert or the Milwaukee Electric Tool Corporation for any royalty after the signing of the agreement between Mr. Johann and Milwaukee Electric Tool Corporation on the 15th day of October, 1942."

Defendant's brief asserts that such requested instruction had reference to the second question of the special verdict relating to the alleged accord and satisfaction, and that it was error for the trial court to have refused to instruct the jury that they might consider the failure of plaintiff to have made any demand for royalties, after the signing of the October 15, 1942, agreement, in answering such question. We do not so interpret the requested instruction but consider that it related to question one of the special verdict rather than question two. We are strengthened in this view by the fact that the requested instruction immediately preceding it related to question one and not question two. Furthermore, Siebert testified that he had nothing to do with the execution of the October 15, 1942, agreement and did not approve of it, but that the same was consummated by Lange, secretary of the defendant corporation. Inasmuch as the requested instruction is worded to refer to question one and not question two, the trial court's refusal to so instruct was proper.

After the conversation had taken place between Siebert and plaintiff in the summer of 1940, which resulted in the verbal contract for payment of royalties found by the jury to have been made in answer to question one of the special verdict, Siebert had a written agreement drafted and submitted the same for signature to Siebert. While the pro-

vision for payment of royalties was identical with the alleged parol contract, plaintiff testified that he objected to an additional paragraph being inserted in the agreement which had not been agreed to in the prior conversation and for that reason refused to sign such offered written agreement. The testimony of Siebert, on the other hand, tended to establish that the preceding conversation was only in the nature of preliminary negotiations leading up to the execution of the written agreement.

Because of this conflict in testimony, the trial court included the following paragraph in its charge to the jury:

> "An oral agreement which is complete in itself is binding upon the parties to such an agreement even though it is anticipated that a written agreement embodying its terms would afterwards be signed, provided the parties to such oral agreement so intended. You are further instructed that where during the preliminary negotiations it is understood that one of the parties to the agreement is to prepare and to present to the other party a formal written agreement to evidence the contemplated contract, no binding contract is entered into unless the written agreement was actually prepared, presented and signed by both parties."

The last sentence of the aforequoted paragraph was given pursuant to written request of defendant's counsel. Defendant's brief erroneously contends that the trial court refused to give such requested instruction, when, in fact, it was given word for word as requested. The entire instruction on the question, of whether the conversation between plaintiff and Siebert in the summer of 1940 constituted an oral agreement or whether it was merely preliminary negotiations looking forward to the execution of a written contract, was entirely proper. Restatement 1, Contracts, p. 33, sec. 26; Anno. 122 A.L.R. 1217; *Jungdorf v. Little Rice* (1914), 156 Wis. 466, 470, 145 N.W. 1092; and *Milwaukee Medical College v. Marquette University* (1932), 208 Wis. 168, 170, 242 N.W. 494.

Plaintiff advanced as the reason why he did not sign the written agreement, which Siebert had submitted for his signature shortly after the making of the verbal contract in the summer of 1940, the fact that he objected to a paragraph therein which he interpreted as prohibiting him from selling yokes or frames to parties other than defendant. Defendant's counsel requested the court to include in the charge a requested instruction to the effect that plaintiff had wrongfully interpreted such paragraph. We consider that whether or not plaintiff correctly interpreted such paragraph in the proposed written agreement to be entirely immaterial and foreign to the issues before the jury, and, therefore, the trial court properly refused to give such requested instruction.

On the final page of defendant's brief under the heading "Conclusion" appears the following statement:

> "The trial court required the defendant in the absence of the jury time after time to make an offer of proof principally by way of cross-examination of Mr. Johann. This practice disrupted the plans of counsel for the defendant and prevented counsel for the defendant from presenting the case to the jury in a logical, orderly and effective manner."

The numerous and voluminous offers of proof in the record in this case were entirely voluntary on the part of defendant's counsel and not due to any requirement of the trial court. The trial court merely pursued the proper practice of insisting that offers of proof, which contained matter which the court had ruled were inadmissible, be made in the absence of the jury.

In conclusion, it is our considered judgment that there was no prejudicial error committed on the part of the trial court in the trial of this case which extended over a period of nearly two weeks. Throughout such lengthy trial, the trial court was required to make an unusually large number of rulings on admissibility of evidence, and, where such rulings

were adverse, to pass upon lengthy offers of proof. We consider it a tribute to the ability of the learned trial judge that the record in this case is free of prejudicial error.

By the Court.—Judgment affirmed.

IN SUPREME COURT OF WISCONSIN

ALBERT JOHANN, Plaintiff and Appellant,

vs.

MILWAUKEE ELECTRIC TOOL CORP., Defendant and Respondent

OPINION—FILED JULY 3, 1953

Appeal from a Judgment of the Circuit Court for Milwaukee County: Gustave G. Gehrz, Circuit Judge, Reversed

Action commenced by the plaintiff, Albert Johann, against the defendant, Milwaukee Electric Tool Corporation, to recover $10,000 on an alleged oral contract which plaintiff claims he made with the defendant in 1940. He claims that under the terms of the contract, he was to be paid $2 by defendant for every pneumatic hammer unit manufactured and sold by defendant, which embodied the patented invention of plaintiff, pursuant to an assignment of the patent rights by plaintiff to defendant, but in no event was the amount to be paid by defendant to plaintiff to exceed $10,000. Upon the trial of the action, the court directed a verdict in favor of the defendant, and dismissed plaintiff's complaint upon its merits. Plaintiff appealed from the judgment.

FRITZ, C. J. The plaintiff, Albert Johann, is an inventor; and the defendant, Milwaukee Electric Tool Co., is engaged in the tool manufacturing business. In 1939, plaintiff and A. F. Siebert, president of the defendant company, had discussed the possible invention of a pneumatic tool for the purpose of facilitating the removal of

dents from automobile bodies; and they also discussed the matter of patenting such invention and subsequently selling and manufacturing the pneumatic tool. Johann then invented and perfected such a tool and in December, 1939 he assigned his rights in the tool to the defendant, in order to enable the defendant to apply for and secure patent rights thereto. He was paid no consideration for the assignment, because of contemplated royalty payments, which were to be the full consideration for said assignment from plaintiff to defendant. The letters patent covering the pneumatic tool were issued on October 28, 1941, and given United States Patent Registration No. 2260624. That tool was known as the "Johann tool". In 1942, defendant secured patent rights on another pneumatic tool very similar to the "Johann tool" which became known as the "Lieber-Beckwith tool". The reason for taking out this second patent was because the first patent covering plaintiff's invention infringed an earlier patent, and the "Lieber-Beckwith tool" changed the device enough so that defendant's patent attorney thought it would not infringe such earlier patent.

In about August, 1945, defendant manufactured and sold to the public such a pneumatic tool based on the "Lieber-Beckwith" design, and on each of these pneumatic tools, so sold, defendant attached a metal identification disk bearing the U. S. Patent Registration number of the "Johann tool" and also the registration number of the "Lieber-Beckwith tool". The patent registration number of the "Johann tool" was first in order on said disk. Prior to World War II, defendant had used a metal identification disk with the single registration number of the "Lieber-Beckwith" patent and no disk bearing double registration numbers was placed on such tools until after the second world war.

It was stipulated between the parties that all of said pneumatic tools manufactured by the defendant from August 1, 1945, through December 31, 1948, which were 6,225 in number, bore a metal identification tag attached to said

tools; and that inscribed on all of said metal tags so attached, were the patent registration numbers 2260624 (Johann number) and 228211 (Lieber-Beckwith) in that order. Therefore, upon this stipulation, plaintiff claims to be entitled to a full recovery of $10,000 on the theory that defendant, by intentionally using the Johann patent number for three years, obligated itself to pay $2 for every pneumatic unit manufactured and sold, and that consequently since $10,000 was the maximum recovery agreed upon, that amount was due and owing to plaintiff. Plaintiff did not discover that defendant was using said identification tags with both U. S. Patent Registration Numbers until 1948. This action was commenced on May 27, 1949.

Plaintiff predicates his cause of action upon an alleged oral contract entered into by him with the defendant through its president, A. F. Siebert, in 1940, by which plaintiff claims to be entitled to a royalty of $2 a unit on all pneumatic tools manufactured and sold under the Johann patent. Plaintiff concedes that unless such contract can be established he is not entitled to any recovery; but he contends that if the facts do establish an enforceable oral contract, then the defendant, on the theory announced above, must pay him the full contract price of $10,000.

Upon the trial of the action, the court found that the evidence "is undisputed that defendant and the plaintiff did not at any time enter into any oral or written contract for the payment of any royalty, on the theory that there was no meeting of the minds upon such contractual basis". Upon that finding and a subsequent finding that there had been a complete accord and satisfaction of all claims which plaintiff might have against the defendant company by virtue of an agreement signed by plaintiff in 1942, the court directed a verdict for defendant and dismissed plaintiff's complaint upon its merits.

Plaintiff contends the trial court erred in directing a verdict and in not allowing the issue as to whether there was contract entered into between the plaintiff and de-

fendant to be decided by the jury. Plaintiff's contention in that regard is correct. It is well settled law in this state that a verdict may be directed only when the evidence gives rise to or admits of no disputes as to the material issues, or when the evidence is so clear and convincing as reasonably to permit unbiased and impartial minds to come to but one conclusion. *Borneman v. Lusha*, 221 Wis. 359, 366; and *Rusch v. Sentinel News Co.*, 212 Wis. 530.

There is much evidence in the record tending to negative plaintiff's contention that a verbal agreement was entered into by him with the defendant company. One of the strongest pieces of evidence tending in that direction is the fact that A. F. Siebert, in behalf of defendant, had a written agreement drafted containing substantially the same provisions plaintiff contends were embodied in the verbal agreement, and plaintiff refused to execute such written agreement. Siebert also testified positively that in the discussions with plaintiff as to entering into a royalty agreement, such agreement was always made contingent upon defendant being able to make and sell the pneumatic tools embodying the plaintiff's invention; and the evidence establishes that the defendant never attempted to sell the Johann tool because of fear of an infringement suit. The plaintiff on his part gave conflicting evidence that tended in some degree to discredit his contention with respect to the verbal agreement. However, the following testimony by Siebert does tend to support plaintiff's contention that there was such a verbal agreement:

> "Q. But you did make an oral agreement with him? A. Yes, there was an oral agreement with Mr. Johann that, if we could manufacture a hammer that he could produce, that we could pay him a royalty.
>
> "Q. Now when was that agreement made with Mr. Johann as to the royalties? A. I imagine it was made somewhere in 1940. I don't know, 1939 or 1940, somewhere in that period.
>
> "Q. What arrangement did you have with Mr. Johann with reference to paying him? A. I said when

we started out, 'Mr. Johann, if you can make us a hammer, we will be very happy to pay you a royalty, any hammer that we can make and sell'. That was the beginning of the talk with Mr. Johann.

"Q. How much did you agree to pay him? A. I think it was $2 a unit".

Also when Siebert was called as an adverse witness he stated:

> "In my negotiations and contract with Johann, it was agreed that he would be paid a royalty of $2.00 a unit with a maximum of $10,000. This was our oral agreement with Johann in about 1940. I was sincere about paying him a royalty per unit . . ."

Considering the testimony of plaintiff that such a contract did exist; and the admitted statements by A. F. Siebert that there was an oral agreement in 1940 to pay $2 a unit there was sufficient credible evidence to reasonably permit unbiased and impartial minds to find that the verbal agreement alleged by plaintiff had been entered into. Taking the evidence introduced by both sides and examining it in the light most favorable to the party against whom the verdict is to be directed, the jury should have been given the opportunity to determine whether or not there was any oral agreement entered into in 1940. The propriety of directing a verdict must always stand the tests stated in *Borneman v. Lusha,* supra, and *Rusch v. Sentinel News Co.,* supra.

Defendant alleged in its answer that plaintiff was paid $2000 in full settlement for all special services rendered to and work performed for the defendant. The court in its decision regarding said payment found that it was a good accord and satisfaction. The effect of such a finding, if correct, would, of course, preclude recovery, even if the prior oral contract were enforceable, since it would be in effect tantamount to a general release of all plaintiff's claims against the defendant.

After the Lieber-Beckwith tool was developed, and the defendant commenced to sell and manufacture the same, the plaintiff made demand upon the defendant for payment of royalties on the ground that plaintiff's basic invention was embodied in the Lieber-Beckwith tool. After some negotiations between plaintiff and defendant, an agreement was entered into between the parties under date of October 15, 1942, reading as follows:

Agreement

"This agreement entered into this 15 day of October, 1942, by and between Albert S. Johann and Milwaukee Electric Tool Corporation both of Milwaukee, Wisconsin.

The undersigned, Albert S. Johann, acknowledges receipt of check No. M21484 dated October 10th, 1942, in the amount of one thousand dollars ($1000) together with one non-interest bearing Note Payable in the amount of one thousand dollars ($1000) due for payment to Albert S. Johann by Milwaukee Electric Tool Corporation on April 15, 1943, and hereby agrees to accept same in full settlement for special services rendered to, and work performed for the Milwaukee Electric Tool Corporation.

The Milwaukee Electric Tool Corporation hereby agrees that it will continue to place orders for fender hammer pipe frames, as needed, with Albert S. Johann, provided price and quality remain competitive, with the exception that Milwaukee Electric Tool Corporation retains the right to manufacture these pipe frames in their own factory at any time, should they so desire.

Executed the day and year above indicated.

Albert S. Johann, Milwaukee Electric Tool Company, by A. E. Lange, Secretary."

It will be noted that this agreement provides that the $2000 to be paid plaintiff was for services and not for royalties. The testimony is conflicting as to whether said agree-

ment was to constitute a complete accord and satisfaction between the parties as to all claims by the plaintiff, including royalties on his invention. Siebert's testimony on the whole record tended to establish that the $2000 payment, pursuant to the October 15, 1942 agreement was in full settlement of all claims of plaintiff; but, nevertheless, Siebert did testify in one place as follows:

Q. "And again, the $2000 mentioned in here that was given to Mr. Johann had nothing to do with any royalty agreement between the two of you?

A. No, sir."

We are of the opinion that there was sufficient evidence in the record on this issue of accord and satisfaction to require that said question be submitted to the jury as to whether the agreement of October 15, 1942, was intended by the parties to cover all claims which plaintiff might have for royalties on his invention.

The third and last point to be considered on this appeal is whether the plaintiff is entitled to recover the $10,000 for royalties prayed for in his complaint, if the jury had found the existence of the verbal contract as contended by plaintiff, and that the written agreement of October 15, 1942, was not intended by the parties to constitute a release of plaintiff's claims for royalties? It is conceded that the defendant did not manufacture or sell any pneumatic tools embodying plaintiff's invention, and that all of the pneumatic tools which it did manufacture and sell embodied the invention under the Lieber-Beckwith patent.

Plaintiff contends that because defendant manufactured and sold 6,225 pneumatic tools having identification tags attached which bore the patent registration number covering the Johann invention, as well as the patent registration number relating to the Lieber-Beckwith patent, the defendant is estopped to deny that such tools did embody plaintiff's invention. Defendant's evidence was to the effect that such tags were ordered through error by an employee of the

defendant company who purchased such tags; and that when the mistake was called to the attention of Siebert by his patent attorney, the defendant immediately discontinued the use of such tags bearing both patent registration numbers, and thereafter used tags bearing only the patent registration number of the Lieber-Beckwith invention. However, Siebert did testify at one point that the use of such tags bearing both patent registration numbers was intentional.

Under the decisions of *Singer Manufacturing Co. v. June Manufacturing Co.*, 163 U. S. 169, and *Andrews v. Landers*, 72 Fed. 666, we are satisfied that the defendant company, by attaching the identification tags to the 6,225 tools (which tags bore both the patent registration numbers of the Johann tool and that of the Lieber-Beckwith tool) is estopped thereby to deny that the tools bearing such tags did not embody plaintiff's invention. The defendant cannot avoid such estoppel by contending that some underling made the mistake in ordering such tags. By attaching such tags to the tools which were sold, the defendant held out to the customers purchasing the same that such tools did embody plaintiff's invention.

Therefore, it is necessary that the cause be remanded for a new trial on the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff, and as to whether the subsequent agreement of October 15, 1942, was intended by the parties as a release of all rights of plaintiff for royalties. If both of these questions at the new trial should be answered in favor of the plaintiff, then plaintiff would be entitled to judgment in the sum of $10,000 as prayed for in its complaint inasmuch as more than 5000 pneumatic tools were marketed by defendant having identification tags attached bearing the patent registration number covering plaintiff's invention.

By the Court: Judgment Reversed and cause remanded for a new trial consistent with this opinion.

SOURCE: Transcript of Record printed in No. 512, October, 1953, Term., pp. 4-15.

IN CIRCUIT COURT OF MILWAUKEE COUNTY

STATEMENT OF REFERENCE TO BILL OF EXCEPTIONS AND A PORTION OF THE TESTIMONY OF WITNESSES IN NARRATIVE FORM AS PREPARED BY COUNSEL FOR THE DEFENDANT

The record in the Supreme Court of the State of Wisconsin contains a bill of exceptions duly signed by the Honorable Gustave G. Gehrz, Circuit Judge of the Circuit Court of Milwaukee County. The bill of exceptions contains a transcript of the testimony taken and proceedings had at the trial of the action commencing on the 22nd day of October, 1952 at 2:00 o'clock P. M. in the Circuit Court for Milwaukee County. The bill of exceptions is in the form of questions and answers. At the trial the plaintiff was represented by Edward S. Grodin, his attorney, and the defendant was represented by Dougherty, Arnold & Waters and Suel O. Arnold, its attorneys. The testimony of the witnesses, the evidence as introduced, and the proceedings had during the trial in the Circuit Court, in narrative form, as stipulated by counsel for the respective parties, was in part as follows, Albert F. Siebert being first duly sworn on oath, testified as follows:

Adverse examination by Mr. Grodin as a part of the plaintiff's case.

My name is Albert F. Siebert, I am President of the defendant, Milwaukee Electric Tool Company, and I have held that office continually since 1925. * * *

I am familiar with all primary and important corporate operations. The defendant corporation manufactures a line of portable electric and pneumatic tools. We do business on a national scale. I have known the plaintiff since 1936 or 1937. * * *

Our company received title to a pneumatic tool called the "Johann" tool by assignment from the plaintiff, and its

United States Patent Registration Number is 2260624. We also own a "Lieber-Beckwith" tool, and its United States Patent Registration No. is 2282111. Both tools have the same function and generally operate in the same way to remove dents from automobile fenders pneumatically. • • •

It is customary in our type of business to accept an assignment from an inventor and then have it patented. • • •

The "Johann" tool was patented first and the patent issued October 28, 1941, and the "Lieber-Beckwith" tool patented last and issued May 5, 1942. • • •

We paid the plaintiff nothing for receiving from him the assignment to his invention and patent rights. We did expect to pay him a royalty if he could make us a hammer that we could copy and make and sell. • • •

In my negotiations and contract with Johann, it was agreed that he would be paid a royalty of $2.00 per unit with a maximum of $10,000.00. This was our oral agreement with Johann in about 1940. I was sincere about paying him a royalty per unit. • • •

Mr. Grodin offered in evidence the testimony of Mr. Siebert called as an adverse witness in the trial of an action in the District Court of the United States for the Northern District of Illinois in which Milwaukee Electric Tool Corporation was plaintiff and Walray Manufacturing Company was defendant, the testimony having been given on November 23, 1948 at the trial presided over by the Honorable Edwin R. Shaw, United States District Judge. The examination was conducted by Casper W. Ooms, one of the attorneys for the defendant Walray Manufacturing Company, and in narrative was as follows:

Sometime after the war, we affixed to all the pneumatic tools we sold a metal name plate with the United States Patent Registration numbers of both the "Johann" and "Lieber-Beckwith" patents. We had no other name plates on those pneumatic hammers other than the name plate with both the "Johann" and "Lieber-Beckwith" patent numbers • • •.

There were no claims on the Johann patent when it was issued that covered the hammer we were making. The name plate applied to the hammer bearing the Johann patent number. That practice continued while we had the name plates. I think they are still using them. We ordered the name plates in large quantities in order to get them. The name plates covered both the Johann patent and the Lieber-Beckwith patent. The Johann patent had been assigned over to the Milwaukee Electric Tool Corporation and I thought that was sufficient. We had been instructed by our counsel that Johann had no claim on the Lieber-Beckwith patent and that we were not required to pay Johann anything for it.

The foregoing testimony was duly objected to by Mr. Arnold, counsel for the defendant, upon the ground that what was on the name plates was incompetent, irrelevant and immaterial, but the objection was overruled by the trial court.

The examination by Mr. Grodin then continued as follows:

We commenced manufacturing and selling pneumatic hammers in 1941 or 1942. At that time it was customary to affix a name plate to each of the tools manufactured and sold. It was a metal identification plate. Exhibit D is a name plate that was affixed to our body and fender reshapers. We have a serial number that is put on there normally but this was a blank plate and bore the following: "Patent Applied For Milwaukee Electric Tool Corporation, Milwaukee, Wisconsin". I do not recall when the name plates were affixed but we affixed these name plates to the tools when we started to manufacture them.

Until these cases came up I did not see the name plates on the tools. They went out into the world without my knowledge of the patent numbers.

Subject to the objection of Mr. Arnold that the stipulation was incompetent, irrelevant and immaterial to the issues in the case and for the purpose of expediting the trial, the following stipulation was entered on the record:

All pneumatic tools manufactured and sold by the defendant corporation from August of 1945 through December 31 of 1948, bore this name plate with both the patent registration numbers, with the "Johann" patent number first in order.

Mr. Grodin then offered in evidence testimony given by Mr. Siebert at an adverse examination dated June 10, 1949 before Court Commissioner Chris Steinmetz which in narrative form is as follows:

At no time before the war did any name plates appear on our hammer products with two registration numbers. The tools went out with the name plate "Patent Applied For". It was not until after the war that the name plate went out with the two registration numbers.

Mr. Grodin then continued with the adverse examination which in narrative form is as follows:

We placed the particular name plate carrying the two patent registration numbers on our tools for the reason that whenever a patent is issued to our company by the United States Government the patent attorney who was here present notifies our company that the patent has been issued and reports the number of the patent and instructs us to have that number appear on each tool as soon as we can after the patent is issued. We followed his instructions.

The identification tag with the double registration numbers were placed on the tool we sold, not in error, but with intent and design. * * *

I cannot state whether the company stopped placing metal identification tags with two registration numbers on our pneumatic hammer in late 1948 or early 1949. Our tools are not now being sold with a metal identification tag bearing both registration numbers.

We stopped using the identification tag with the two numbers as soon as we would get new name plates made after I learned that both numbers appeared on there erroneously. The numbers should not have appeared. We must put identification numbers on the tools because we

were instructed to put them on and must put them on there legally.

The $2,000.00 we paid to plaintiff as per (Plaintiff's Exhibit 1, J. H. Koenig, reporter) was not intended to include any royalty payments to plaintiff. Payment was for special services in promoting and selling pneumatic hammers * * *.

The number of pneumatic tools between August of 1945 and December of 1948 was 6225. * * *. Testimony of Albert S. Johann (direct).

My name is Albert S. Johann. I invented a tool called the "Johann" tool. * * *

The "Johann" tool and the "Lieber-Beckwith" tool are very similar in mechanical principal, appearance and function * * *.

In 1940, Mr. Siebert and I had royalty talks relating to the "Johann" hammer. Mr. Siebert agreed to pay me $2.00 per tool, royalty not to exceed a total payment of $10,000.00. * * *

At the conclusion of the plaintiff's case counsel for the defendant moved for a nonsuit upon the ground that it was undisputed in the record that no Johann tools were ever manufactured and sold and upon the further ground that counsel was relying for recovery upon the theory that the affixing of name plates showing the number of the Johann patent constituted the Lieber-Beckwith tool a Johann tool and that in order to reach such conclusion it was necessary for the plaintiff to establish an estoppel on the part of the defendant which would prevent the defendant from asserting the fact that it did not manufacture and sell Johann tools. The motion for the nonsuit was overruled by the trial court.

Before the defendant put in its defense it obtained leave of the court to serve and file an amended answer as follows:

IN CIRCUIT COURT OF MILWAUKEE COUNTY

AMENDED ANSWER

Now comes the above named defendant, by Dougherty,

Arnold & Waters, and for amended answer to the complaint of the plaintiff, admits, denies and alleges as follows:

1. Admits Paragraph 1 of Plaintiff's Complaint.

2. Admits Paragraph 2 of Plaintiff's Complaint.

3. Specifically denies that in or about the month of October, 1940, defendant for a valuable consideration entered into an oral contract with the plaintiff to pay the plaintiff a royalty of Two ($2.00) Dollars for every unit manufactured and sold of a certain tool known as the Johann tool and further denies that any contract was entered into between plaintiff and defendant calling for the payment of Two ($2.00) Dollars to the defendant for each tool manufactured until the total sum of said payment reached Ten Thousand ($10,000.00) Dollars. That in this connection defendant alleges that conversations were held but no oral or written agreement was ever entered into or consummated between the plaintiff and defendant.

4. Defendant specifically denies that it manufactured and sold six thousand nine hundred twenty-five (6,925) units of the so-called Johann tool. Defendant further alleges that only one (1) Johann tool was ever manufactured and such tool was in fact never sold.

5. Defendant further alleged that on April 15, 1943, plaintiff was paid Two Thousand ($2,000.00) Dollars in full settlement for all special services rendered to and work performed for the defendant corporation.

6. Defendant further alleges that the only fender hammer manufactured and sold by the defendant corporation was under the patent known and designated as the Beckwith-Lieber patent.

Further answering the plaintiff's complaint, and for a second and separate defense, the defendant alleges:

1. The cause of action upon which the plaintiff seeks recovery is barred by the Statute of Limitations, Section

330.19, for the reason that any cause of action upon which the plaintiff might recover, accrued more than six years before the date on which the plaintiff commenced this action.

Wherefore, this answering defendant prays for judgment dismissing the complaint of the plaintiff against it on the merits, with costs.

Dougherty, Arnold & Waters, Attorneys for Defendant.

Wendell K. Beckwith, a witness called on behalf of the defendant, having been previous duly sworn testified as follows, in narrative form:

Direct examination by Suel O. Arnold.

I first became acquainted with the plaintiff Mr. Johann in 1938. I saw him later when I was informed that Mr. Johann was to design a hammer for the Milwaukee Electric Tool Corporation. I first talked with Johann about a hammer in the early part of 1939.

In the middle of January, 1940 there was a discussion by Mr. Lieber, the patent attorney, with Mr. Albert Siebert, Mr. Johann and myself. The discussion related to the Stull patent and the Johann hammer. Mr. Lieber had the Stull patent before him and he explained it to us. He pointed out that the Johann hammer was similar to the Stull patent and he produced a sketch to show how the Johann hammer would have to be altered so that it would not read on the Stull patent. Mr. Lieber stated that the Stull patent covered pneumatic fender hammers which clamped the metal between the upper and lower dolly and that the Johann hammer did the same thing.

William H. Lieber, a witness called on behalf of the defendant, being first duly sworn, testified as follows, in narrative form:

Direct examination by Suel O. Arnold.

I am a patent attorney and have been practicing my profession since October, 1909.

In the month of January, 1940 I had a talk with Mr. Beckwith, Mr. Siebert and Mr. Johann. I told them that the Johann hammer apparently conflicted with the claims of the Stull patent. I then showed a sketch of a modification of the Johann hammer which I believed would avoid conflict. I told them that in the Johann hammer and the Stull patent the dolly, the impact pin which delivers the blow, transmits the blow through the dolly to the metal and carries the dolly whereas in the Beckwith-Lieber patent the impact pin delivers the blow directly to the metal and the dolly is suspended from the cylinder in which it reciprocates.

The Johann patent does not contain any claims which are readable on the Beckwith-Lieber hammer.

On cross-examination by Mr. Grodin, Mr. Lieber testified as follows in narrative form:

I do not recall the exact date that I learned that a metal identification tag with two registration numbers were being placed on the tools manufactured by the defendant company. It was much later than the issuance of the Beckwith-Lieber patent. It might have been in 1945. I do not have any recollection as to the year. When I learned of the use of the identification tag with both numbers it seems to *be* I had a discussion with Mr. Siebert. I think the discussion revolved about the fact that the defendant was putting the Johann patent number on the tools when it should not have been there. I think I told him that it should not have been there. It might have been in 1945. I am sure that I told him he should not use a metal identification tag with two registration numbers. The first time I ever saw the tag was after the Walray suit had been started. Some time in 1945, as near as I can recollect, I told Mr. Siebert it was wrong and unlawful to use double registration numbers. As I remember it he told me they could not obtain metal to make up new tags and for that reason had been using these tags and putting them on the hammer. I told him it was improper to use them on any further hammer after that.

Lester H. Erickson, a witness called by the defendant,

being first duly sworn, testified as follows in narrative form:

Direct examination by Suel O. Arnold.

I am employed by Milwaukee Electric Tool Corporation as Plant Superintendent in charge of production. With the exception of one year in 1937 or 1938 I have been continuously employed by Milwaukee Electric Tool Corporation.

Cross-examination by Mr. Grodin.

I was employed by the defendant company from 1945 through 1948. The matter of placing metal identification tags on our tools was under my control and jurisdiction. I did not know that from August, 1945 through the year 1948 the metal identification tags on our tools had United States patent registration numbers on them. I did not look to see the patent numbers on the tools. In 1948 I found out about the two numbers. The man who had charge of assembl*y*ing the tools was instructed to remove the number which had appeared erroneously and we took steps to secure new name plates with only one number. As we know it today, the erroneous situation existed for the better part of three years.

Albert F. Siebert, a witness called on behalf of the defendant, testified as follows in narrative form:

Direct examination by Suel O. Arnold.

The first time I learned of the double marking of patent numbers on labels attached to the Beckwith-Lieber hammer was during the adverse examination in the office of Lines, Spooner & Quarles in 1948. It was about that time that I talked with Mr. Lieber about the double numbers. I did not have any talk with Mr. Lieber about the double numbers on the label before that.

Cross-examination by Mr. Grodin.

I had a talk with Mr. Lieber who told me that it was unlawful for us to use a metal tag with double registration numbers. That talk was not in 1945. It followed

the adverse examination in 1948. I can't recall whether the adverse examination was in the spring, fall or summer of 1948.

Mr. Arnold then offered in evidence the following from the adverse examination of Mr. Siebert conducted June 10, 1949 by Mr. Grodin and from which Mr. Grodin read certain parts, set forth in narrative form:

> Before the war no name plates appeared on our hammer with two registration numbers. The name plate read "Patent Applied For". It was not until after the war that the name plate with two registration numbers was put on. I did not know that the name plate was going on the product with two registration numbers. The ordering of the name plates with the two registration numbers was customary. The Purchasing Department ordered the name plates when they were demanded by requisition of the factory when they ran out of name plates and the Purchasing Department ordered the name plates. The Purchasing Department had an understanding that when name plates were involved and patents had been issued that the number must appear on the name plate. My son or Mr. Fix had charge of the Purchasing Department in 1945.

At the close of the evidence counsel for the defendant moved for a directed verdict on the ground, among others, that plaintiff was seeking to recover on the basis that the affixing to the tools embracing the Beckwith-Lieber invention of a plate showing the number of the Johann patent constituted the tool a Johann tool, that in order to reach any such conclusion it was necessary for the plaintiff to establish an estoppel on the part of the defendant which would prevent the defendant from asserting the fact that the tools were not in fact Johann tools, that in order to reply upon an estoppel it was necessary for the plaintiff in his complaint to allege an estoppel or to allege facts sufficient to make competent and relevant evidence having a bearing upon the alleged estoppel; that by reason of the

failure to allege the estoppel, the estoppel had been waived.

After the defendant had moved for a directed verdict the trial court granted a directed verdict and in connection therewith dictated orally the following decision on the motion for a directed verdict:

IN CIRCUIT COURT OF MILWAUKEE COUNTY
DECISION ON MOTION FOR DIRECTED VERDICT

Members of the Jury:

The defendant company has interposed what in law is known as a motion for a directed verdict. If that motion is granted, the case of the plaintiff Johann must fail for legal insufficiency and will not warrant the submission of any factual questions therein to the jury.

The Court finds after careful review, that the evidence is undisputed that said defendant and plaintiff, at any time, and particularly in the month of October 1940, did not enter into any oral or written agreement for the payment by said defendant to the plaintiff of any royalty per unit manufactured and sold by said defendant of the hammer or tool known as the "Johann Tool" or up to any maximum total amount. Their minds never met upon any such contractual basis. We have two exhibits in the case here, one referring to accord and satisfaction, that was known as "Exhibit 1. J. H. Koenig, Reporter", bearing date October 15th, 1942, and we have another proposed agreement, never signed by either party, referring to this subject of royalty agreement and the maximum up to $10,000.00, left undated and in evidence in our case here as "Defendant's Exhibit 1"—I think it's "H. F. W."—but other facts have also been given their proper place in our careful study of that issue.

It is also undisputed that only very few of said so-called "Johann" tools were ever produced or sold. This was prevented by an infringement of said tool upon a prior patent issued to one Stull. This made it necessary for the parties

to make material changes in the Johann invention which was accomplished and resulted in the procurance of the so-called Beckwith-Lieber patent and the manufacture and the sale of tools conforming with the latter, and not plaintiff's patent. No "Johann" Hammers were sold as such alone. A lengthy review of the evidence bearing upon the foregoing undisputed matters is deemed unnecessary. Other grounds urged by defendant have been duly considered and need not be fully treated in this oral announcement. We will allow the record to speak for itself. The same may be said of the $2,000.00 accord and satisfaction issue. The evidence there is also clear and convincing, and here we will again give due consideration to the signed agreement of October 15, 1942 in evidence as "Plaintiff's Exhibit 1, J. H. Koenig, Reporter". It refers to the $2,000.00 payment made by defendant to plaintiff and why it was made. Needless to say, the amount was very substantial. Nobody ever called $2,000.00 a trivial amount.

Upon the entire record in the case, the Court is convinced that it is its duty to rule as a matter of law that there is no factual issue in the case required to be submitted to the jury for its answer.

Defendant's motion for a directed verdict is granted and the Clerk will make due entry herein accordingly. This, members of the jury, completes the discharge of your duties in this case and you will please report back to the Calendar Clerk's office in Room 511 on this floor for further directions.

SOURCE: TRANSCRIPT OF RECORD; PETITIONER'S APPENDIX IN COURT BELOW, PP. 107, 108.

COMPLAINT.

(Formal Parts Omitted.)

Now comes the above named plaintiff by his attorney, Edward S. Grodin, and for cause of action against the above

named defendant, alleges and shows to the court as follows:

1. That the plaintiff, Albert S. Johann, is a resident of the County of Ozaukee, Wisconsin, and is a sole trader operating a business known as Johann Tube and Pipe Benders, located at 3928 North Second Street, in the City and County of Milwaukee, Wisconsin.

2. That Milwaukee Electric Tool Corporation is a Wisconsin corporation organized and existing under and by virtue of the laws of the State of Wisconsin, with its offices and principal place of business located at 5316 West State Street, in the City and County of Milwaukee, Wisconsin; that the business of said corporation is the manufacturing of various types and kinds of portable, hand and pneumatic tools.

3. That in or about the month of October, 1940, the defendant, by its duly authorized officer, for a valuable consideration, entered into an oral contract with the plaintiff to pay said plaintiff a royalty of Two ($2.00) Dollars for every unit manufactured and sold of a certain tool known as the "Johann Tool"; that by said contract defendant was to pay plaintiff said Two ($2.00) Dollars for each "Johann Tool" so manufactured and sold until the total sum of said payments reached Ten Thousand ($10,000.00) Dollars.

4. That commencing with the first day of August, 1945, and through December 31, 1948, the defendant manufactured and sold six thousand nine hundred twenty-five (6,925) of the said "Johann Tool"; that by reason of said contract the defendant is presently indebted to the plaintiff in the sum of Ten Thousand ($10,000.00) Dollars, together with interest.

5. That due and suitable demand has been made of defendant by plaintiff for payment of said sum due, together with interest, but defendant has refused and still refuses to pay same.

Wherefore, plaintiff demands judgment against the defendant for the sum of Ten Thousand ($10,000.00) Dollars, together with interest, costs and disbursements.

EDWARD S. GRODIN,
Attorney for Plaintiff.

SOURCE: TRANSCRIPT OF RECORD, PETITIONER'S APPENDIX IN COURT BELOW, PAGES 109, 110.

AMENDED ANSWER.

(Formal Parts Omitted.)

Now comes the above named defendant, by Dougherty, Arnold & Waters, and for amended answer to the complaint of the plaintiff, admits, denies and alleges as follows:

1. Admits Paragraph 1 of Plaintiff's Complaint.

2. Admits Paragraph 2 of Plaintiff's Complaint.

3. Specifically denies that in or about the month of October, 1940, defendant for a valuable consideration entered into an oral contract with the plaintiff to pay the plaintiff a royalty of Two ($2.00) Dollars for every unit manufactured and sold of a certain tool known as the Johann tool and further denies that any contract was entered into between plaintiff and defendant calling for the payment of Two ($2.00) Dollars to the defendant for each tool manufactured until the total sum of said payment reached Ten Thousand ($10,000.00) Dollars. That in this connection defendant alleges that conversations were held but no oral or written agreement was ever entered into or consummated between the plaintiff and defendant.

4. Defendant specifically denies that it manufactured and sold six thousand nine hundred twenty-five (6,925) units of the so-called Johann tool. Defendant further alleges that only one (1) Johann tool was ever manufactured and such tool was in fact never sold.

5. Defendant further alleges that on April 15, 1943, plaintiff was paid Two Thousand ($2,000.00) Dollars in full settlement for all special services rendered to and work performed for the defendant corporation.

6. Defendant further alleges that the only fender hammer manufactured and sold by the defendant corporation was under the patent known and designated as the Beckwith-Lieber patent.

Further answering the plaintiff's complaint, and for a second and separate defense, the defendant alleges:

1. The cause of action upon which the plaintiff seeks recovery is barred by the Statute of Limitations, Section 330.19, for the reason that any cause of action upon which the plaintiff might recover, accrued more than six years before the date on which the plaintiff commenced this action.

WHEREFORE, this answering defendant prays for judgment dismissing the complaint of the plaintiff against it on the merits, with costs.

DOUGHERTY, ARNOLD & WATERS,
Attorneys for Defendant.

SOURCE: TRANSCRIPT OF RECORD, PETITIONER'S APPENDIX IN COURT BELOW, PP. 110-114.

MOTION OF THE DEFENDANT FOR LEAVE TO SERVE AND FILE AN AMENDED ANSWER.

(Formal Parts Omitted.)

Now comes the defendant and moves the court as follows:

1. Because of the opinion expressed by the court at a conference held with the attorneys after the selection of the jury and in the absence of the jury that the defendant would be narrowly restricted in introducing evidence at the trial only within the confines of the decision of the Supreme Court as interpreted by the court and that no new evidence would be permitted, the defendant respectfully re-

quests leave of the court to amend its amended answer by adding the following to such amended answer:

Further answering the plaintiff's complaint and for a third and separate defense the defendant alleges:

1. The subject matter of the alleged oral contract was illegal for the reason that at the time such alleged oral contract was entered into both the plaintiff and the defendant knew that the Johann invention infringed the Stull patent, Letters Patent of the United States No. 2163715 and that the claims of the Stull patent were readable upon the Johann tool; that a royalty contract for the manufacture and sale of an article which both parties know to be an infringement of a valid United States Letters Patent is illegal and violates the provisions of Sections 40, 61 and 70 of Title 35 U. S. C. 1940.

Further answering the complaint and for a fourth and separate defense the defendant alleges:

1. That there was no consideration for the alleged oral royalty agreement for the reason that defendant assisted the plaintiff in inventing such Johann tool by furnishing at its own expense to the plaintiff a cylinder which was used in perfecting such invention; that the defendant further assisted the plaintiff in inventing such Johann tool by suggesting to the plaintiff that the ratchet teeth for the mechanism which brought the upper and lower dollies of the Johann tool into a clamping position upon the metal to be straightened should be on the inside of the cylinder on such tool and not on the outside because of the danger of injuring the hands of the operator of the tool; that the defendant further assisted the plaintiff in inventing such Johann tool by drilling holes in the cylinder which were necessary in order to make the Johann tool operable as a pneumatic tool; that the defendant further assisted the plaintiff in inventing such Johann tool by furnishing to the plaintiff without charge the facilities of the plant of the defendant for such operations as were necessary in order

to complete a tool embodying the Johann invention; that by reason of such assistance the defendant obtained shop rights to manufacture and sell the tool embodying the Johann invention without paying any royalty to the plaintiff.

Further answering the complaint and for a fifth and separate defense the defendant alleges:

1. That the plaintiff did not at any time before the service of the summons upon the defendant make any demand upon the defendant for the payment of $10,000 in royalties for the manufacture and sale of the Johann tool and did not at any time before the service of the summons make any demand upon the defendant for the payment of any royalties for the manufacture and sale of the Johann tool.

Further answering the complaint and for a sixth and separate defense the defendant alleges:

1. The defendant by mistake placed the Johann patent number on its tools between 1945 and 1948 and did not intend thereby to notify anybody that it was making or selling a tool embodying the Johann invention and the marking of said tool with such Johann patent number under such circumstances did not make the Beckwith-Lieber tool which was the only tool ever manufactured and sold by the defendant a Johann tool; that no claims of the Johann patent were readable upon the Beckwith-Lieber tool.

Further answering the complaint and for a seventh and separate defense the defendant alleges:

1. At the time the plaintiff served the summons he knew that no Johann tools or tools covered by the Johann patent had ever been manufactured and sold by the defendant. At the time the plaintiff served the summons he knew that he was bringing his action against the defendant for royalties upon the basis that the defendant in placing the Johann patent number together with the Beckwith-Lieber patent number on the tool which the Milwaukee Electric Tool Corporation was making and selling has stopped the Milwaukee

Electric Tool Corporation from claiming that the tool manufactured and sold by it was not a Johann tool which was covered by the Johann patent. Because of such knowledge on the part of the plaintiff the plaintiff had an opportunity to plead such estoppel and not having pleaded such estoppel the plaintiff himself is now estopped to assert that the defendant is estopped from showing that the Milwaukee Electric Tool Corporation never at any time manufactured and sold a Johann tool or any tool which was readable upon the claims of the Johann patent.

SOURCE: TRANSCRIPT OF RECORD BELOW; PP. 117-119, PETITIONER'S APPENDIX IN COURT BELOW.

EXHIBIT 9.

AGREEMENT.

WHEREAS, Albert S. Johann of Milwaukee (County of Milwaukee), Wisconsin, hereinafter referred to as party of the first part, has invented A Pneumatic Metal Straightener as comprised in U. S. Application for Patent Serial #_____ filed_____; and

WHEREAS, the Milwaukee Electric Tool Corporation, of Milwaukee (County of Milwaukee), Wisconsin, hereinafter referred to as party of the second part, desires to manufacture and sell said Pneumatic Metal Straightener as comprised in Patent Applications aforesaid and under the patents therefor when granted;

NOW, THEREFORE, in consideration of the sum of $1.00, one dollar, paid by each of the parties hereto to the other, and for the mutual covenants and agreements hereinafter specifically referred to, the parties hereto have agreed and do hereby agree with each other as follows:

1. The party of the first part hereby asigns to the party of the second part said patents when granted and permits

the latter to manufacture and sell Pneumatic Metal Straighteners comprised in the Patent Applications aforesaid and as protected by the patents when granted.

2. The party of the second part shall pay the party of the first part, his heirs or assigns, a royalty of $2.00 for each complete unit manufactured and sold by party of the second part until the sum of the royalties paid equals $10,000 when party of the first part, his heirs or assigns, agrees to relinquish further payments of royalties and this contract shall then become null-and-void.

3. The party of the second part shall pay all patent costs and no litigation that may arise as a result of the manufacture and sale of these metal straighteners as described in patent application aforesaid and party of the second part shall render to party of the first part quarterly statements each year as to the number of complete machines sold and the party of the second part further agrees that the party of the first part, his heirs or assigns, may have access to records of party of the second part in the event of any controversy relating to payment of royalty.

4. Party of the second part shall diligently promote the sale of these metal straighteners through its regular channels of advertising and sales organization.

5. Party of the first part shall assign to party of the second part any improvements that might be added later to this Pneumatic Metal Straightener without altering the royalty agreement as set forth herein.

6. Party of the first part agrees to manufacture in quantities as may be required and sell exclusively to the party of the second part the various sizes and types of carrying yokes or frames bent into those shapes that are found to be most practicable at price and under conditions agreed upon in the attached rider.

7. It is further agreed by and between parties hereto that in the event of disagreement between the parties in

connection with any of the covenants in this agreement each of the parties hereto shall secure the services of an arbitrator, and if such arbitrators are unable to agree they shall call in the services of a third arbitrator appointed solely by themselves and agreed upon by both of them, and the third shall decide any question—the finding of the majority of the three being acceptable as final by both parties hereto.

IN TESTIMONY WHEREOF the parties hereto have set their hands and affixed their seals this.....day of..... 1940.

.....

(Party of the first part,)

MILWAUKEE ELECTRIC TOOL CORP.,

by.....

(Party of the second part.)

County of .....

State of .....

SOURCE: TRANSCRIPT OF RECORD BELOW; PAGE 114, PETITIONER'S APPENDIX IN COURT BELOW.

SPECIAL VERDICT.

(Formal Parts Omitted.)

First Question: Did the plaintiff, Albert S. Johann, and the corporate defendant, Milwaukee Electric Tool Corporation, through its duly authorized officer Albert Siebert, enter into an oral agreement during the summer of 1940 under the terms of which the corporate defendant agreed to pay to the plaintiff the sum of $2.00 for the manufacture and sale of each Johann tool, not to exceed, however, the sum of $10,000.00?

Answer: Yes. Dissenting—

/s/ Charles N. Lee, Jr.

Second Question: If you answer Question No. 1 "Yes," then answer this question:

Did the plaintiff, Albert S. Johann, receive and accept from the defendant, Milwaukee Electric Tool Corporation, pursuant to an agreement between the plaintiff and the defendant, under date of October 15, 1942, check No. B-21484, dated October 10, 1942, in the amount of $1,000.00, together with a non-interest bearing note payable in the amount of $1,000.00, on the 15th day of April, 1943, in full settlement, discharge and satisfaction of all of the claims and demands of the plaintiff, Albert S. Johann, for royalties past, present and future?

Answer: No. Dissenting—None.

/s/ Alexander McLennon,
Foreman.

Dated: June 17, 1954.

Source: Transcript of Record Below; pp. 101-107, Petitioner's Appendix in Court Below.

Decision of the Trial Court on Motions After Verdict.

(Formal Parts Omitted.)

This action was tried to the Court and jury. This action is allegedly based upon an oral contract under the terms and provisions of which it is claimed by the plaintiff that the defendant through its duly authorized officers agreed to pay a royalty to the plaintiff of $2.00 a unit on tools manufactured and sold under a Johann patent.

Albert F. Siebert and Ronald Siebert are the sole stockholders of the defendant corporation. Albert F. Siebert owns approximately ninety per cent of the stock. The principal business of the defendant corporation is the manufacturing of hand tools. The plaintiff, Albert S. Johann, was never an employee of the defendant corporation. Pursuant to the request of Mr. Albert Siebert the plaintiff designed

a tool which has been identified as the Johann Tool, and bears the patent-registration No. 2,260,424. Under date of the 6th day of December, 1939, the plaintiff assigned all of his entire right, title, and interest in and to such invention to the defendant corporation. This particular assignment was duly executed in writing. It was contended by the plaintiff, as appears from the case of *Johann* v. *Milwaukee Electric Tool Corporation*, 264 Wis. 447, that some pneumatic tools having identification tags attached which bore the patent-registration number covering the Johann invention, as well as the patent-registration number relating to the Lieber-Beckwith patent were manufactured and sold by the defendant corporation.

Upon review of this case by the Supreme Court, the trial court's order directing a verdict in favor of the defendant and dismissing the plaintiff's complaint was reversed. This case was remanded for a new trial to this court on two issues: 1. Whether a verbal contract for payment of royalties, as claimed by the plaintiff, was entered into between the plaintiff and the defendant by one of its duly authorized officers. 2. Whether the agreement of October 15, 1942, was intended by the parties as a release of all rights of the plaintiff for royalties.

These issues were submitted for consideration by the jury on the special verdict, and in accordance with the special verdict, the jury found that there was an oral agreement between the plaintiff and the defendant under the terms and provisions of which the defendant agreed to pay to the plaintiff the sum of $2.00 for the manufacture and sale of each Johann tool, not to exceed however, the sum of $10,000. The jury further found in the special verdict that the release of October 15, 1942, was not in satisfaction of claims and demands of the plaintiff, Albert S. Johann, for royalties past, present, and future. The plaintiff has moved for judgment on the verdict. The defendant has filed various motions after verdict. The Court has heard the

arguments of counsel and has read the briefs of counsel and the authorities cited in their respective briefs.

The Supreme Court has clearly indicated in its mandate that the only issues to be considered by the trial court are those referred to above. The power to limit the issues of a case which is to be partially retried has received general recognition of the courts. In the case of *Leonard* v. *Employers Mutual Liability Insurance Co.*, 265 Wis. 464, 470, it is stated as follows:

> "The power of the court, trial and appellate, to limit the issues to be tried is generally recognized. It may be done when manifest justice demands it, and it is clear that 'the course can be pursued without confusion, inconvenience, or prejudice to the rights of auy party. * * *' 39 Am. Jur., New Trial, p. 45, sec. 21."

It is the duty of the trial court not to enlarge the issues which are specifically limited by the mandate of the Supreme Court. While the defendant made certain requests to amend the pleadings at the time of the trial, this Court was of the opinion and still is of the opinion that such amendments would increase the issues which have been set forth above. In the case of *State ex rel. Lisbon Town Fire Ins. Co.* v. *Crosby,* 240 Wis. 157, 160, wherein in violation of the mandate of the Supreme Court, the trial court denied the recovery of legal costs and charges incurred by the plaintiff, the following significant language appears:

> "In thus denying any recovery for those items and entering judgments, which are contrary to the determination stated in that respect in the opinion filed on the appeal, and are not in compliance with the mandate that judgments be entered in accordance with the prayer of each complaint, the trial court clearly disregarded the well-established rules that 'whenever legal propositions are laid down upon an appeal to this court, they become the law of the case upon all future trials or appeals.' *Lamb* v. *Shoemaker,* 185 Wis. 323, 325, 200 N. W. 379; and that 'a litigant "is concluded by the mandate of this court as to all matters actually presented or which might consistently with legal rules

have been presented to this court upon appeal." *Monahan* v. *Fairbanks-Morse Mfg. Co.*, 150 Wis. 512, 516, 137 N. W. 748.' *State ex rel. Littig* v. *Superior Court*, 231 Wis. 58, 62, 285 N. W. 419; *Litzen* v. *Eggert*, 238 Wis. 121, 297 N. W. 382."

The Supreme Court of this state has on frequent occasions remanded cases to the trial court for the sole purpose of trying certain undisposed issues of fact. *Schwellenbach* v. *Wagner*, 263 Wis. 95; *Miller* v. *Northern Bank*, 239 Wis. 12; *Eggert* v. *Kullmann*, 204 Wis. 60. The mandate of the Supreme Court in the case under consideration has definitely limited the issues as is evident from the following language of the case of *Johann* v. *Milwaukee Electric Tool Corporation, supra*, 455:

> "Therefore, it is necessary that the cause be remanded for a new trial on the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff, and as to whether the subsequent agreement of October 15, 1942, was intended by the parties as a release of all rights of plaintiff for royalties. If both of these questions at the new trial should be answered in favor of the plaintiff, then plaintiff would be entitled to judgment in the sum of $10,000 as prayed for in his complaint inasmuch as more than 5,000 pneumatic tools were marketed by defendant having identification tags attached bearing the patent-registration number covering plaintiff's invention."

In compliance with this mandate there was therefore submitted for the consideration of the jury the issues as indicated by the Supreme Court.

It has long been the established rule in this state that a jury verdict must be sustained if there is any credible evidence to support it, even though such verdict be against the great weight and clear preponderance of the evidence. *Hein* v. *Huber*, 214 Wis. 230; *Commerce Ins. Co.* v. *Badger P. & H. Stores*, 265 Wis. 174. An examination of the record in this case reveals many inconsistencies in the testimony of the plaintiff. This, however, is not sufficient to set aside a

jury verdict. It lies solely within the province of the jury to resolve any inconsistencies in the testimony of a witness. The jury could have rejected the plaintiff's testimony by reason of these inconsistencies, or could have reconciled the apparent conflicting testimony of the plaintiff with what the jury believed the agreement of the parties to have been. It is evident from the verdict that the jury accepted the testimony of the plaintiff as to an oral agreement in spite of the conflicting testimony of the plaintiff and the denial on the part of Albert Siebert, president of the defendant corporation, as to any oral agreement or understanding between the plaintiff and the defendant. However, it does appear from the adverse examination of Albert Siebert at the time of the trial that some discussion had taken place between Albert Siebert and the plaintiff concerning the matter of payment of royalties. As to whether such oral agreement was to become binding only when reduced to writing and properly executed, presented a question of fact for the jury to determine. There is some credible evidence in the record upon which the jury might well find, as it has done, that an oral agreement was entered into between the plaintiff and the defendant corporation, through its president, Albert Siebert, under the terms and provisions of which the defendant corporation agreed to pay to the plaintiff the sum of $2.00 per tool manufactured and sold under the Johann patent. It is contended by the defendant that the agreement of the parties was set forth in Exhibit No. 9 which had never been signed by the plaintiff. The plaintiff, on the contrary, contends that Exhibit No. 9 did not conform to the oral agreement and that by reason thereof he declined to sign the same. As to whether or not such oral agreement did in fact exist or was to become effective only in the event that it was reduced to writing presented a question of fact for the jury to determine. There is sufficient evidence in this record upon which the jury might well find, as it has done, that the initial oral agreement was to be binding regardless of any subsequently executed written agreement.

Passing to the next question concerning the matter of the agreement of October 15, 1942, as to whether such agreement constituted a full and complete release of any and all claims of the plaintiff against the defendant corporation by reason of any claimed royalties under the Johann patent, this Court is satisfied that this likewise presented a question of fact for the jury to determine. It was for the jury to determine whether or not it was the intention of the parties that the term "special services" was to include all claims of the plaintiff for royalties. This Court is satisfied that there is credible evidence in this record to support the findings of the jury in answer to the various questions of the special verdict.

The defendant's motions after verdict are all denied. The plaintiff's motion for judgment on the verdict of the jury is granted. An order will be presented in accordance with this decision.

Dated this 30th day of November, 1954,
at Milwaukee, Wisconsin.

BY THE COURT:

/s/ WILLIAM I. O'NEILL,
Circuit Judge.

FILED
APR 12 1956

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1955

No. 766

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,
Petitioner,

vs.

ALBERT S. JOHANN,
Respondent.

RESPONDENT'S BRIEF ON MOTION TO DENY PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

EDWARD S. GRODIN
Attorney for Respondent
208 E. Wisconsin Ave.
Milwaukee, Wisconsin

INDEX

Page

Jurisdiction 2

Questions Involved 2

Statement 3

Reasons for Denying Writ 7

(a) State Courts have the right under their local practice rules to confine the issues at a second trial and to deny a motion to amend, and the Supreme Court of the United States will accordingly not review a question of local practice 7-11

(b) A Review on a Writ of Certiorari is not a matter of right but of discretion 11

(c) The Record must present a constitutional or statutory question substantial in character and properly raised below ..12

(d) It must appear by clear and necessary intendment that the question must have been raised and must have been decided in order to induce the judgment 13

(e) Mere assertion by petitioner that a federal question is present does not ipso facto make it so 15

(f) The record must affirmatively disclose that the validity of a federal statute or a federal issue was drawn into this case for decision.....15

Page

(g) The record must show that the federal question was actually decided or that the judgment as rendered could not have been given without deciding it 16

(h) Petitioner may not contend that somewhere in the record lies concealed a federal question 17

(i) The issue must be substantial and hypothetical defenses never raised below may not be relied on now..... 17

(j) Cases cited by petitioner distinguished.18

(k) State courts may hear contract causes relating to a patent and if invalidity of a patent is to be in the picture it must be raised directly as a defense either by pleading or by some other proper legal motion....19

(l) This court where there is independent ground, not involving a federal question, that is broad enough to sustain the judgment of the state court will dismiss the writ without considering the federal question..... 21

(m) When petitioner used a double marking on his article including the marking of respondent's article, he did so at his peril and acknowledged to the public that he was manufacturing and selling respondent's article 22

(n) U.S.C. Statutes cited by petitioner are distinguished as inapplicable.....26

Page

CASES CITED

Andrews vs. Landers et al, 72 Fed. 666....26

Beauharnais vs. Illinois, 343 U.S. 250, 264-265 .....15, 17

Browne vs. Union Pacific, 267 U.S. 255, 258-259 21

Chicago vs. McGuire, 49 L. Ed. 413..... 11

Collis Co. vs. Consolidated Machine Tool, 41 Fed. 2nd 641, Cert. denied, 282.....25 U.S. 886

Corrigan vs. Buckley, 271 U.S. 323, 329.12, 15, 17

Excelsior Wooden Pipe vs. Pacific Bridge, 185 U.S. 282 19

Henry Pratt vs. Paris, 168 U.S. 255.....20

Honeyman vs. Hanan, 300 U.S. 14, 18.....13

Horlicks Food Co. vs. Elgin Milkine Co., 120 Fed. 264..... 24

Johann vs. Milwaukee Electric Tool, 264 Wis. 447, 59 N.W. 2nd 637.....4

Johann vs. Milwaukee Electric Tool, 270 Wis. 573 2nd 72 N.W. 401..... 4

Jones vs. Van Kirk et al, 13 Fed. Cases, 1039, Case. No. 7500 24

Leonard vs. Employers, 265 Wis. 464.....8

Live Oak vs. R.R. Comm., 269 U. S. 354, 356 16

Page

Luckett vs. Delpark, 270 U.S. 496 20

Mellon vs. O'Neil, 275 U.S. 212, 215 18

Northwestern Bell vs. Nebraska, 297 U.S. 471, 473 17

Singer Manufacturing Company vs. June Manufacturing Co., 163 U.S. 169 23

Southwestern Bell vs. Oklahoma, 303 U.S. 206, 212-213 16

Sproull vs. Pratt & Whitney Co., 97 Fed. 807, 809 25

Trustees of St. Clara et al, vs. Northwestern National Ins. Co., 101 Wis. 464, 77 N.W. 893 7

United States vs. Burke, 90 Fed. Suppl. 868, 871 22

United States vs. Commonwealth of Penn., 89 Fed. Suppl. 636, 639 17

Yazoo vs. Adams, 45 L. Ed. 395 9

STATUTES CITED AND DISTINGUISHED

28 U.S.C. 1257 (3) 2

35 U.S.C. 287 26

35 U.S.C. 292 26

269.44 Wis. Statutes (1953) 7

SUPREME COURT RULE

Revised Rules, April 1954 Supreme Court:
Rule 19 - Part V 11
Rule 23 - 1. (f) 27

Page

CASES DISTINGUISHED

McGregor vs. Westinghouse, 329 U.S.402...18

Sola Electric vs. Jefferson Electric, 317 U.S. 173 18

Scott Paper Co. vs. Marcalus Mfg. Co., 326 U.S. 249.....18

Katzinger vs. Chicago Metallic Mfg. Co., 329 U.S. 394 18

Kenyon vs. Automatic Instrument, 186 Fed. 2d 752 18

United States vs. General Instrument Corp., 115 F. Supp. 582 18

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1955

No. 766

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,

Petitioner,

vs.

ALBERT S. JOHANN,

Respondent.

RESPONDENT'S BRIEF ON MOTION TO DENY PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

To the Honorable Earl Warren, Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your Respondent, Albert S. Johann, respectfully prays that application for Writ of Certiorari to review the judgment of the Supreme Court of the State of Wisconsin, dated October 11, 1955, and which the court refused to modify after a motion for rehearing on December 6, 1955, be denied.

JURISDICTION

It is conceded that if this court is to assume jurisdiction in this case, it must do so by authority of 28 U.S.C., Sec. 1257 (3).

QUESTIONS INVOLVED

1. May the state courts in a second trial refuse to allow an amended answer designed for the purpose of drawing into the issues for the first time Federal questions that had not been proposed at a first trial and on a first appeal?

2. Does it affirmatively appear from the record that a Federal question has been properly drawn into the case?

3. Does it affirmatively appear from the record, not only that a Federal question was presented for decision to the highest state court, but that its decision on the Federal question, if any, was necessary to the determination of the case, and was a Federal question, if any, actually decided?

4. Do the pleadings draw in issue a Federal question; did motions by petitioner in any way present to the highest state court a Federal question?

5. Is there an independent ground, not involving a Federal question, that is broad enough to sustain the judgment and decision of the Wisconsin Supreme Court?

STATEMENT

Many of the basic facts in this case tending to prove the oral contract involved here, and the resultant damages, are not in issue.

There is no infringement involved in this case and until the time of the second trial, there was not even a superficial attempt to draw into this case a Federal question revolving about a claimed infringement.

Plaintiff commenced his action by the usual summons and complaint (Pet. App. 35-36-37) setting forth a cause of action on oral contract.

Defendant answered (Res. App. 1) in November of 1949 showing in effect a general denial. It is significant that this answer shows no defenses, affirmative or otherwise, with respect to infringement or conflict with Federal Statutes, nor does said answer reveal, even by inference, that a defense revolving about a Federal question is in the picture.

At the first trial in the fall of 1952, defendant asked leave and was permitted by the trial court to file its amended answer (Pet. App. 37-38). This amended answer is identical with the original answer, except for a separate defense revolving about local statute of limitations (Pet. App. 38). It is significant, too, that the amended answer contains nothing that draws into the picture a Federal question of any kind.

Plaintiff appealed to the Wisconsin Supreme Court from the trial court's decision directing

a verdict in favor of defendant. (Johann v. Milwaukee Electric Tool Corporation, 1953, 264 Wis. 447, 59 N.W. (2d) 637). Upon this appeal no Federal question was raised by either plaintiff or defendant, and the Wisconsin Supreme Court in this first decision (Pet. App. 16, 17, 18, 19, 20, 21, 22, 23) reversed and remanded the cause for a new trial with the further mandate that the lower court restrict and confine the issues to be retried at the second trial (Pet. App. 23) quoted as follows:

> "Therefore, it is necessary that the cause be remanded for a new trial on the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff, and as to whether the subsequent agreement of October 15, 1942, was intended by the parties as a release of all rights of plaintiff for royalties. If both of these questions at the new trial should be answered in favor of the plaintiff, then plaintiff would be entitled to judgment in the sum of $10,000 as prayed for in its complaint inasmuch as more than 5000 pneumatic tools were marketed by defendant having identification tags attached bearing the patent registration number covering plaintiff's invention."

Defendant moved the Wisconsin Supreme Court for a rehearing (Res. App. 2) in July of 1953, which was denied by said court in September of 1953 (Res. App. 2). It is obvious and again significant that no Federal question was raised on this motion for rehearing.

Certiorari to the Supreme Court of the United States was denied February 8, 1954 (Milwaukee Electric Tool Company v. Johann, 347 U.S. 913, 74 Sup. Ct. 477, 98 L. Ed. 1069).

Upon the retrial of this cause in June of 1954, at the commencement of this second trial defendant moved to amend its complaint for the second time (Pet. App. 38-39-40-41). Here for the very first time defendant attempted to draw into the issues possible Federal questions revolving about infringement, application of Federal statutes and shop rights, and further alleging that the two registration numbers were placed on the tools in issue by "mistake" (Pet. App. 40 (6th defense)).

The lower court denied the motion to amend on the basis: (Pet. Statement - 7).

1. That the trial court must confine the issues in line with the Wisconsin Supreme Court's opinion and decision (on the first appeal) (Pet. App. 23), and

2. Was, after all the intervening years, not timely made (Pet. App. 46).

Upon the verdict of the jury (Pet. App. 43-44), the trial court entered judgment in favor of the plaintiff (Pet. App. 44).

Upon the second appeal the Wisconsin Supreme Court affirmed (Pet. App. 1) and denied motion for rehearing.

Petitioner's Statement of Facts (Pet. Statement 5-6) indicates that said metal tags containing

both registration numbers were erroneously or inadvertently included (Pet. Statement 6). This is in conflict with the testimony of petitioner's President, Mr. Siebert (Pet. App. 27) quoted as follows:

> "The identification tag with the double registration numbers were placed on the tool we sold, not in error, but with intent and design. * * *"

Petitioner's President was warned by its patent attorney, Mr. Lieber, that it was improper to use the tag containing the two registration numbers (Pet. App. 31) quoted as follows:

> "I am sure that I told him he should not use a metal identification tag with two registration numbers. * * * Some time in 1945, as near as I can recollect, I told Mr. Siebert it was wrong and unlawful to use double registration numbers."

The above statement from Petitioner's own patent attorney and witness is in conflict with the testimony of petitioner's President, Mr. Siebert, in his claim that he did not learn that the tag with the two registration numbers was being affixed to the tools in issue until 1948 (Pet. Statement 6).

Petitioner, throughout its Statement of Facts, repeatedly refers erroneously to "oral patent royalty agreement" and specifically refers to the first Wisconsin Supreme Court decision as saying (Pet. Statement 6):

"On appeal the Supreme Court of the State of Wisconsin reversed the judgment of the trial court with directions to grant a new trial on the issues of whether or not there had been an oral patent royalty agreement."

The exact and accurate wording is as follows (Pet. App. 23):

"On the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff."

REASONS FOR DENYING WRIT

Up until the time defendant moved to amend its answer for the second time (denied by the trial court), there had been nothing drawn into the issues here that even superficially referred to a Federal question.

It is the practice in Wisconsin to allow the trial court wide discretion in the matter of allowing amendments to pleadings. The Wisconsin statute in question is (Wis. Stats. 1953) 269.44 - Amendments of processes, pleadings and proceedings: The trial court was not only bound by the Supreme Court of Wisconsin in its first decision (Pet. App. 23) to confine the issues, but under the local rules of Wisconsin, the matter of amendments lies within the sole discretion of the trial court.

One of the earlier cases in Wisconsin interpreting this section is Trustees of St. Clara et al v. Northwestern National Insurance et al, 101 Wis. 464, 77 N.W. Reporter 893. In the

aforecited case the trial court had to consider a set of facts almost identical with our instant set of facts. Upon the eve of a second new trial, the defendant moved to amend its answer on which it had stood for more than three years, during which two trials had been had in the Circuit Court and two hearings upon appeal. The trial court denied the motion to amend.

The Supreme Court of Wisconsin, in rendering its decision on page 894, 77 N.W. Reporter, said as follows:

> "Such tardy applications to amend the pleadings and introduce new causes of action or defenses which have been long known to the moving parties are not regarded with special favor by the courts * * *. When such applications are denied in the exercise of the discretion of the court, the order will not be reversed by the court, unless it appears that there was an abuse of discretion."

Wisconsin and other states in the union have long held that trial courts and appellate courts have the right to restrict and confine the issues at a retrial of a cause.

In the case of Leonard v. Employers Mutual Liability Company, 265 Wis. 464, on page 470, it is stated as follows:

> "The power of the court, trial and appellate, to limit the issues to be tried is generally recognized. It may be done when manifest justice demands it and it is clear that 'the

course can be pursued without confusion, inconvenience, or prejudice to the rights of any party * * *'. 39 Am. Jur., New Trial, Page 45, Sec. 21."

Upon this second trial, substantially the same testimony and evidence was adduced in behalf of plaintiff in the two issues submitted to the jury in the special verdict on the second trial as at the first trial (Pet. App. 3).

Because of the decision of the Wisconsin Supreme Court confining the issues as the result of the first appeal and the refusal of the trial court to allow a second amendment to defendant's answer, the record is again barren of any evidence or proof with respect to a Federal question. The numerous and voluminous offers of proof in the record in this case were entirely voluntary on the part of defendant's counsel and not due to any requirement of the trial court. The trial court merely pursued the proper practice of insisting that offers of proof which contained matter which the court had ruled were inadmissible, be made in the absence of the jury (Pet. App. 15).

In refusing to allow the second amended answer that attempted at this late date to raise certain Federal questions (Pet. App. 38), were the state courts merely settling a question of local practice beyond the powers of the United States Supreme Court to review? This court has long held that it will not review a question of local practice, and this court's attention is respectfully invited to the case of Yazoo and

Mississippi Valley Railroad Company v. Wirt Adams, 45 L. Ed. 395, on page 402:

> "The Supreme Court, in deciding that it would not reopen the question involved upon the first hearing, to let in the Federal defense presented by the new pleas, merely settled a question of practice which we cannot review.
>
> "By another process of reasoning, we are led to the same conclusion. No leave was applied for or granted to file these additional pleas after the issues had been made up, as seems to be required by the practice in Mississippi, * * * and even if leave had been asked to file them, it was a matter of discretion with the trial court to permit it, and a matter of state practice which cannot be inquired into here. Stevens v. Nichols, 157 U.S. 370, sub. nom. Carr v. Nichols, 39 L. Ed. 736, 15 Sup. Ct. Rep. 640; * * * We are therefore of opinion that the Federal question was ' specially set up and claimed' too late to be of any avail to the plaintiffs in error."

Very frequently the disappointed litigant attempts to grasp at the proverbial "straw" in the last ditch appeal to the Supreme Court of the United States. This court has in the past laid down the familiar rule that it may afford no relief unless some direct and impelling Federal question is before it, and in the following case laid down the emphatic rule:

Chicago, Indianapolis and Louisville Railroad Company, plaintiff in error, v. Patrick Mc Guire, et al, 49 L. Ed. 413, on page 417:

"The true and rational rule stated by this court in Bridge Proprietors v. Hoboken Land & Improv. Co., 1 Wall, 116-145, 17 L. Ed. 571-576, is clearly applicable: 'That the court must be able to see clearly from the whole record that a certain provision of the Constitution or act of Congress was relied on by the party who brings the writ of error, and that the right thus claimed by him was denied.' This case is the not infrequent one of an attempt to clutch at the jurisdiction of this court as an after-thought, when all other resources of litigation have been exhausted.

"The Federal question, if any such existed - as to which we expressed no opinion - was not set up or claimed at the proper time, and the writ of error must therefore be dismissed."

This court may take no jurisdiction, in reviewing a decision of a court of a state unless it affirmatively appears from the record that a federal question has been created. This general rule is sound and well founded and is formally stated in Supreme Court Revised Rules, 1954, page 17, part V, Rule 19.

"A review on writ of certiorari is not a matter of right but of sound jurisdictional discretion and will be granted only where there are special and important reasons therefor."

This court then turns to the record to determine whether its discretion in granting the petition should be invoked. How shall this court be guided in its search to determine whether the writ should be granted. Does this record reveal "special and important" reasons? Does this record reveal a statutory question substantial in character and properly raised below:

> "The mere assertion that the case is one involving the construction or application of the constitution, and in which the construction of federal laws is drawn in question, does not, however, authorize this court to entertain the appeal; and it is our duty to decline jurisdiction if the record does not present such a constitutional or statutory question substantial in character and properly raised below." Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329).

> "Before we may undertake to review a decision of the court of the state, it must appear affirmatively from the record not only that the federal question was presented for decision to the highest court of the state having jurisdiction, but that its decision of the federal question was necessary to the determination of the cause * * * that determination must rest upon an examination of the record."

> "It is not enough that the record shows that the plaintiff in error contended and claimed that the judgment of the court impaired the obligation of the contract and

> violated the provisions of the constitution of the United States, and that this claim was over- ruled by the court; but it must appear, by clear and necessary intendment, that the question must have been raised, and must have been decided, in order to induce the judgment." Honeyman vs. Hanan, 300 U.S. Rep. 14 (Pages 18, 19 & 20).

The court may first examine the pleadings. Respondent's complaint shows a simple contract action for money due and owing. (Pet. App. 35-36-37)

The answer of petitioner shows general and some specific denials with a few routine admissions (R. App. 1).

After the plaintiff had rested its case, the trial court permitted petitioner to amend its answer (Pet. App. 37-38).

The pleadings reveal not one scintilla directly or by generous implication pertaining to a federal question. If a federal question or issue were contemplated by petitioner, here was the opportunity, in the amended answer, to draw in it such federal question.

At the conclusion of respondent's case, petitioner moved for a non-suit upon the grounds (R. App. 3):

> (a) That it was undisputed in the record that no Johann tools were ever manufactured and sold;
>
> (b) Respondent was relying for recovery upon the theory that the affixing of name

> plates showing the number of the Johann patent constituted the Lieber-Beckwith tool a Johann tool, and that in order to reach such conclusion, it was necessary for the plaintiff to establish an estoppel on the part of the defendant which would prevent the defendant from asserting the fact that it would not manufacture and sell Johann tools.

No federal question of any kind is raised here for decision.

The Wisconsin Supreme Court in its decision (Pet. App. 1 and 16) mentions the word infringement but only as refering to possible reasons for petitioner's non-liability on the contract. The Wisconsin Supreme Court did not dwell on infringement because this thought was not an issue, having never been drawn into the case on the basis of any federal issue. The Wisconsin Supreme Court in its decision makes no mention of and relies upon no federal statute or federal issue because none was contemplated and none was presented. The only cases presented to the Supreme Court in briefs, by both parties, were cases that revolved about the applicable law that resulted from the use of the double patent marking by petitioner.

On motion for rehearing in the Wisconsin Supreme Court the petitioner is again conspicuous for its lack of presenting a federal statute or a federal question.

Petitioner makes utterances, that the record fails to substantiate; this court in its minute search of the record will find nothing that should

even stir its discretional authority. The decision of this court in 343 U.S. Rep. 250, Beauharnais vs. Illinois covers the stated situation:

> "Neither by proffered evidence, request for instructions, nor motions before or after verdict, did the defendant seek to justify his utterance nor has the defendant urged as a ground for reversing his conviction in this court that his opportunity to make those defenses was denied below."

The mere assertion by plaintiff that a federal question is present does not ipso facto make it so.

> "The mere assertion that the case is one involving the construction and application of the constitution, and in which the construction of federal laws is drawn in question, does not, however, authorize this court to entertain its appeal." 271 U.S. Rep. 323 (Page 329) Corrigan vs. Buckley.

Mere mention of the word infringement in this record, in a nebulous isolated capacity, is not sufficient to set in motion this court's discretionary powers. The record must show something substantial in the way of a federal question. Respondent again invites the court's attention to Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329), "substantial in character and properly raised below".

The record must, but in this case does not affirmatively, disclose that the validity of a federal statute or a federal issue was drawn

into this case for decision. In the Live Oak vs. Railroad Commission Case, 269 U.S. Rep. 354, (Page 356) the court uses firm language:

> "Considering the circumstances here disclosed by the record, we have no jurisdiction unless it affirmatively appears that in the court below there was duly drawn in question the validity of the statute of or an authority exercised under the state court of repugnance to the constitution, treaties or laws of the United States."

Federal courts have gone further and stated emphatically that not only must there be an affirmative showing in the record but that a decision of a federal question was necessary to its determination and that it must have been properly brought in.

> "We have repeatedly held that it is essential to the jurisdiction of this court in reviewing a decision of a court of a state that it must appear affirmatively from the record, not only that a federal question was presented for decision to the highest court of a state having jurisdiction, but that its decision of the federal question was necessary to the determination of the cause; that the federal question was actually decided or that the judgment as rendered could not have been given without deciding it." Southwestern Bell vs. Oklahoma, 303 U.S. Rep. 206 (Page 212-13).

> "It is a well established principle that before the Supreme Court will review a decision

of a state court, it must affirmatively appear from the record that the federal question was presented to the highest court of the state having jurisdiction, and that its decision of the federal question was necessary to its determination of the cause." United States vs. Commonwealth of Pennsylvania, 89 Fed. Supp. 636 (Page 639). (See also Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329).

This record here is bare not only as to an affirmative showing, but as to necessity of a federal question, if any, to its decision. This record discloses absolutely nothing that refers to a federal question.

"The record does not disclose what, if any federal questions were presented to the State Supreme Court." Northwestern Bell vs. Nebraska, 297 U.S. Rep. 471 (Page 473).

The petitioner may not now contend that somewhere in the record lies concealed a federal question. If it were conceded for argument's sake that somewhere in the record there lies buried and concealed a lifeless federal question, this concession were it so, gives neither petitioner nor the court authority to breathe life into it. The issue must be substantial. This court should not be required, and will not allow itself, to fumble blindly for a hazy federal question, if any.

"The benefits of hypothetical defenses, never raised below or pressed upon us, are not to be invoked in the abstract." Beauharnais vs. Illinois, 343 U.S. Rep. 250 (Page 264-265).

Respondent respectfully submits that this court in a previous decision used a good genuine choice of words that now, as then, clearly and effectively prescribe the basic rule.

> "It is not enough that there may be somewhere hidden in the record a question which, if it had been raised, would have been of a federal nature." Mellon vs. O'Neil, 275 U.S. Rep. 212 (Page 215).
>
> (See also Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329).

Counsel for respondent has reviewed the cases cited by petitioner with care and takes no issue with their import under a proper record that revealed their connection with the instant case.

McGregor vs. Westinghouse, 329 U.S. 402; Sola Electric vs. Jefferson Electric, 317 U.S. 173; Scott Paper Co. vs. Marcalus Mfg. Co., 326 U.S. 249; Katzinger vs. Chicago Metallic Mfg. Co., 329 U.S. 394; Kenyon vs. Automatic Instrument, 186 Fed. 2d 752; United States vs. General Instrument Corp. 115 F. Supp. 582.

The afore cited cases revolve about fact situations that bring up directly and put into issue the matter of patent infringement or the validity or invalidity of a patent. It is to be noted in all of these cases the federal issues are raised directly by the pleadings or by other tactical and legal procedure. In all of these cases federal questions of substance were forthrightly brought to the attention of the court for decision. In these cases the matter of patent

infringement or of the validity or invalidity of a patent was either raised by complaint or by answer. It is respectfully submitted that the record with respect to complaint (Pet. App. 35) answer (R. App. 1) and amended answer (Pet. App. 35) lack the issue of patent infringement validity or nonvalidity of a patent or of any federal question.

This court has on many occasions held that a state court could entertain a suit on a contract that related to or arose from a patent. The following citation by this court states its position effectively and forcefully:

> "The rule is well settled that if the suit be brought to enforce or set aside a contract, though such contract be connected with a patent, it is not a suit under the patent laws * * *." Excelsior Wooden Pipe Co. vs. Pacific Bridge Co., 185 U.S. 282, 46 Law Ed. 9-10.

It is obvious from a reading of respondent's complaint (Pet. App. 37-38) that this is a simple contract action arising from the assignment of an article to petitioner that was later patented. No infringement suit was contemplated and, of course, the complaint reveals nothing by the way of infringement. However, petitioner was not barred in the lower court by setting up in his answer (R. App. 1) and his amended answer (Pet. App. 35) the invalidity, if any, of the patent. It is obvious that this the petitioner failed to do and the state court, therefore, had no federal question to decide.

This court has again met this question as follows:

> "There is a clear distinction between a case and a question arising under the patent laws. The former arises when the plaintiff in his opening pleading - be it a bill, complaint, or declaration - sets up a right under the patent laws as ground for a recovery. Of such the state courts have no jurisdiction, the latter may appear in the plea or answer * * *. The determination of such question is not beyond the competency of the state tribunals." Henry Pratt vs. Paris Gas Light & Coke Co., 168 U.S. 255, 42 Law Ed. 458.

> "It is a general rule that a suit by a patentee for royalties under a license or assignment granted by him, or for any remedy in respect of a contract permitting use of the patent is not a suit under the patent laws of the United States and cannot be maintained in a federal court as such." Luckett vs. Delpark, 270 U.S. 496, 70 Law Ed. 703.

The record indicates that ours is no infringement case and the rare use of the word "infringement" does not make it so. It was obviously not the intention of either party that that be the issue at the trial or on appeal. At no time was that issue, if any, brought to the attention of the lower state court or the highest state court. Petitioner was represented by skilled and competent counsel. If a federal issue about the validity of a patent were in petitioner's mind, that issue would have been directly stated (R.App. 1).

in the answer, and failing that would have been stated in the amended answer (Pet. App. 37-38) three years later. (It is to be noted that the amended answer was served and filed during the trial prior to presentation to the court of petitioner's defense).

Assuming that there is a federal question here, this court may inquire as to whether there is independent ground, not involving a federal question, that is broad enough to sustain the judgment of the Wisconsin Supreme Court. Respondent respectfully submits that from the facts as presented - the intentional use of the two registration numbers (Pet. App. 27) and the refusal for three years by petitioner to discontinue using both numbers when advised to do so by his patent counsel, Mr. Lieber (R. App. 4) (Petitioner's excuse was that it could not obtain metal to make up new tags) gave the state court sufficiently broad grounds to sustain its decision. This court has stated the applicable rule many times. The language of the following citation is particularly appropriate:

> "It is well settled that where the Supreme Court of a state decides a federal question in rendering judgment and also decides against the plaintiff in error upon an independent ground not involving a federal question and broad enough to maintain the judgment, the writ of error will be dismissed without considering the federal question." Browne vs. Union Pacific, 267 U.S. 255 (Pages 258-259).

(See also United States vs. Burke, 90 Fed. Supple 868-871).

The State Supreme Court was asked by petitioner on the first appeal to resolve the following questions only:

(a) Did plaintiff and defendant enter into an oral royalty agreement?

(b) Did the defendant (petitioner here) manufacture and sell any tools which were covered by the invention of the plaintiff (respondent here)?

(c) Was there a written agreement between the parties which constituted an accord of satisfaction?

The State Supreme Court not being asked to decide a federal question accordingly made no decision thereon. The state court decided amongst other things that where a manufacturer deliberately and with intent uses two registration numbers on his article, one number of which describes, identifies and relates to plaintiff's tool, said manufacturer is estopped thereby to deny that the tools bearing such number did not embrace plaintiff's invention (Pet. App. 1 and 16).

The State Supreme Court in arriving at its estoppel decision used as persuasive authority federal cases. This court (United States Supreme Court) has through the years quoted these cases with approval and Wisconsin has now chosen to adopt this law.

The estoppel as decided by Wisconsin Supreme Court is not on the basis of the invalidity of a

patent but on the basis only of the double marking.

The Supreme Court of Wisconsin has used and cited with approval the following federal cases that relate to double marking, it being undisputed that the Johann patent (Pet. App.25) was in full force and effect during the crucial time period from August of 1945 through December 31, of 1948 (Pet. App. 27)

Singer Manufacturing Company vs. June Manufacturing Company, 163 U.S. 169.

> "Singer's patent on sewing machines had expired - defendant manufactured a sewing machine and on the name-plate attached to its product stamped 'Improved Singer' - plaintiff Singer brings suit to enjoin the defendant from in any way using the word 'Singer' to identify its product."
>
> "Page 183. We conclude that the word 'Singer' was also voluntarily applied by the Singer firm or companies as a designation of the general type of machines made by them with the intention that such machines should be accepted by the public under that name;"
>
> "Page 187. But although we may thus use his name he cannot resort to any artifice or do any act calculated to mislead the public * * *."
>
> "Page 189. Neither has he the right to use any device which may be properly considered a trade mark so as to induce the public to believe that his machine has been

manufactured by plaintiff * * *."

Jones vs. Van Kirk, et al. (C.C.Pa. 1865) 13 Fed. Cas. 1039, Case No. 7500.

The only possible answer to the use of the nameplate bearing the double registration numbers is that the licenses were erroneous. However, this the plaintiff is estopped to do.

The defendant stamped certain articles "E.F. Jonas, patent, May 4, 1858" and, subsequently, in an action for royalties due under a license agreement, contended that the articles did not come under the patent. The Court over-ruled this contention saying on page 1040:

> "They thus publicly acknowledged on every lamp sold by them, that it was under Jones' patent."

A similar holding is found in Horlick's Food Co. vs. Elgin Milkine Co. et al. (C.C.A. 7, 1903) 120 Fed. 264.

In that case the plaintiff stamped its commercial packages to Horlick's Malted Milk with the words "Patented June 5, 1883". After the expiration of the patent, a competitor began using the phrase "malted milk" in describing a granulated milk food product, calling it "Meadows Malted Milk". Horlick claimed that this was unfair competition and a violation of its trade-mark rights. The defendant responded stating that the trade-mark rights had been lost with the expiration of the patent. The court held that Horlick was estopped to deny that the product was manufactured under plaintiff's patent, stating, page 266:

"It matters not in our judgment that the patent may not in fact have been valid; nor that the product * * * could not in fact have been covered by the description of the patent. The point is that appellant chose to mark its product as if it were a monopoly thereby obtaining measurably at least the benefit of a monopoly and gave to it a name * * *. The case is thus brought in our judgment within the principle if not the exact facts of the Singer-June case and must be ruled accordingly."

Another case estopping a party from contending that his marking was erroneous is the case of Collis Co. vs. Consolidated Machine Tool Corporation of America (C.C.A. 8, 1930) 41 F. (2d) 641, Certiary Denied. 282 U.S. 886.

Similar authorities include Sproull vs. Pratt & Whitney Co., 97 Fed. 807, 809.

I. "A license to manufacture and sell articles under a number of patents owned by the licensor during the unexpired term thereof * * * where the articles related to the same art, and were ordinarily used cojointly, is an entire agreement for a single license and binds the licensee to pay the royalty stipulated on all the articles manufactured and sold during the time any one of such patents remains in force."

II. "A licensee who agreed to manufacture an article under a certain patent who stamped the article with the date of such patent * * * is estopped to set up as a defense to a claim

for further royalties that the article as made was not covered by the patent."

A similar authority is Andrews vs. Landers, et al, 72 Fed. 666.

Said the court on page 670, "As to the so called 'Andrews faucets' I hold as a matter of law that defendant having stamped said faucets with the Andrews patent * * * is estopped to deny that they do not contain the patent improvement of Andrews."

The mere fact that the state court used federal decisions as persuasive authority does not, ipso facto, make of this transaction a federal question.

On page 3 of petitioner's application for a writ, there is cited 35 U.S.C. 287; this section deals with the giving of notice to the public by the affixing of a patent number to the particular object. Respondent fails to see the materiality of this section to our transaction. The pertinent part of this act reads:

"Patentees and persons making or selling any particular article for or under them may give notice to the public * * *."

There is nothing mandatory about this section as to notice. It plainly uses the word "may". Petitioner was in no way compelled to use either or both of the particular numbers involved; it chose to do so at its peril.

Page 3 of the petition cites also 35 U.S.C. 292. This is better known a s the false marking

statute. There is no question here of false marking at all. Petitioner had title to the patent covering the Johann article (Pet. App. 25). It had an undisputed right to use the Johann Patent Number 2260264 (Pet. App. 25) but when it did, in the way that it did, petitioner was holding out to the public that he was selling the Johann tool. Yet on Page 10 of petition, petitioner asserts that the Supreme Court of Wisconsin interprets these two sections. Respondent has searched the entire record, including opinion and decision of the Wisconsin Supreme Court and finds nothing that even remotely bears on the matter of deciding or interpreting a federal question directly or inferentially.

On petitioner's former request for certiorari to this court (347 U.S. 913), it relied then, as now, on substantially the same authority and argument that it now again urges upon this court, and petitioner's request for a writ in the October Term, 1953, Case No. 512, is for comparison purposes set forth and reprinted verbatim in respondent's appendix, page 7).

It is petitioner's burden to directly and affirmatively show that a clear Federal question is involved. Supreme Court Rule 23-1 (f) covers with clarity the requirements. It is respectfully submitted by respondent that petitioner has failed to meet even superficially the required burden.

The respondent moves that the petition for a writ of certiorari be denied.

Respectfully submitted,
EDWARD S. GRODIN
Attorney for Respondent.

RESPONDENT'S APPENDIX

RESPONDENT'S
APPENDIX

APPENDIX
TABLE OF CONTENTS

Page

First Answer of Defendant, Filed November 2, 1955. Source: Transcript of Record, Supreme Court of The United States, October Term, 1953, No. 512, page 3. Milwaukee Electric Tool Corporation v. Albert S. Johann 1

Motion for Rehearing, First State Court Appeal, Filed July 22, 1953. Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 24. Milwaukee Tool Corporation v. Albert S. Johann 2

Order Denying Motion for Rehearing in First State Court Appeal, September 11, 1953. Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 25. Milwaukee Electric Tool Corporation v. Albert S. Johann 3

Defendant's Motion for Nonsuit in First Trial. Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 8. Milwaukee Electric Tool Corporation v. Albert S. Johann 3

Narrative form Cross-Examination of Petitioner's Patent Counsel, Mr. Lieber. Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 11. Milwaukee Electric Tool Corporation v. Albert S. Johann 4

Page

Reprint in its entirety of Petition for Writ of Certiorari in the United States Supreme Court, October Term, 1953, No. 512 7

APPENDIX

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 3. Milwaukee Electric Tool Corporation v. Albert S. Johann.

IN CIRCUIT COURT OF MILWAUKEE COUNTY

ANSWER - Filed November 2, 1949

Now comes the above named defendant by its attorney, Milton C. Litow, and in answering the complaint of the plaintiff, admits, denies and alleges to the Court as follows:

1. Admits Paragraph 1 of plaintiff's complaint.

2. Admits Paragraph 2 of plaintiff's complaint.

3. Specifically denies that in or about the month of October, 1940 defendant for a valuable consideration entered into an oral contract with the plaintiff to pay the plaintiff a royalty of Two ($2.00) Dollars for every unit manufactured and sold of a certain tool known as the Johann tool and further denies that any contract was entered into between plaintiff and defendant calling for the payment of Two ($2.00) Dollars to the defendant for each tool manufactured until the total sum of said payment reached Ten Thousand ($10,000.00) Dollars. That in this connection defendant alleges that conversations were held but no oral or written agreement was ever entered into or consummated between the plaintiff and defendant.

4. Defendant specifically denies that it manufactured and sold Six Thousand Nine Hundred Twenty-five (6,925) units of the so-called Johann tool. Defendant further alleges that only one (1) Johann tool was ever manufactured and such tool was in fact never sold.

5. Defendant further alleges that on April 15, 1943 plaintiff was paid Two Thousand ($2,000.00) Dollars in full settlement for all special services rendered to and work performed for the defendant corporation.

6. Defendant further alleges that the only fender hammer manufactured and sold by the defendant corporation was under the patent known and designated as the Beckwith-Lieber patent.

Wherefore defendant prays that plaintiff's complaint be dismissed and that judgment be entered for the defendant together with the costs and disbursements of this action and for any further relief that the Court may deem just and equitable.

Milton C. Litow, Attorney for Defendant.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 24. Milwaukee Electric Tool Corporation v. Albert S. Johann.

IN SUPREME COURT OF WISCONSIN

MOTION FOR REHEARING-Filed July 22, 1953

Now comes the Defendant and Respondent, and hereby moves for a rehearing in the above entitled action, pursuant to Rule 37, (Section

251.37, Wisconsin Statutes) of the Rules of the Supreme Court of the State of Wisconsin.

Dated this 20th day of July, 1953.

Dougherty, Arnold & Waters,
Attorneys for Defendant and Respondent.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 25. Milwaukee Electric Tool Corporation v. Albert S. Johann.

IN SUPREME COURT OF WISCONSIN

ORDER DENYING MOTION FOR REHEARING - September 11, 1953

The Court being now sufficiently advised of and concerning the motion of the said respondent for a rehearing in this cause, it is now here ordered that said motion be, and the same is hereby, denied with $25.00 costs.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 8. Milwaukee Electric Tool Corporation v. Albert S. Johann.

At the conclusion of the plaintiff s case counsel for the defendant moved for a nonsuit upon the ground that it was undisputed in the record that no Johann tools were ever manufactured and sold and upon the further ground that counsel was relying for recovery upon the theory that the affixing of name plates showing the number of the Johann patent constituted the Lieber-

Beckwith tool a Johann tool and that in order to reach such conclusion it was necessary for the plaintiff to establish an estoppel on the part of the defendant which would prevent the defendant from asserting the fact that it did not manufacture and sell Johann tools. The motion for the nonsuit was overruled by the trial court.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 11. Milwaukee Electric Tool Corporation v. Albert S. Johann.

On cross-examination by Mr. Grodin, Mr. Lieber testified as follows in narrative form:

> I do not recall the exact date that I learned that a metal indentification tag with two registration numbers were being placed on the tools manufactured by the defendant company. It was much later than the issuance of the Beckwith-Lieber patent. It might have been in 1945. I do not have any recollection as to the year. When I learned of the use of the identification tag with both numbers it seems to me I had a discussion with Mr. Siebert. I think the discussion revolved about the fact that the defendant was putting the Johann patent number on the tools when it should not have been there. I think I told him that it should not have been there. It might have been in 1945. I am sure that I told him he should not use a metal identification tag with two registration numbers. The first time I ever saw the tag was after the Walray suit had been

started. Some time in 1945, as near as I can recollect, I told Mr. Siebert it was wrong and unlawful to use double registration numbers. As I remember it he told me they could not obtain metal to make up new tags and for that reason had been using these tags and putting them on the hammer. I told him it was improper to use them on any further hammer after that.

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1953.

No. 512

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,

Petitioner,

vs.

ALBERT S. JOHANN,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

SUEL O. ARNOLD,
Counsel for Petitioner,
Empire Building,
Milwaukee 3, Wisconsin.

INDEX

Page

Jurisdiction 2
Opinions Below..... 2
Question Presented 2
Statutes Involved..... 2
Statement of the Matter Involved..... 3
Specification of Errors to Be Urged..... 4
Reasons Relied on for Granting the Writ 5

1. The Supreme Court of the State of Wisconsin decided a Federal question of substance not heretofore determined by this court and decided such Federal question in a way probably not in accord with the applicable decisions of this court 5

   a. Estoppel arising out of patent royalty agreements are Federal questions not governed by state estoppel rules. MacGregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407; Scott Paper Co. v. Marcalus Mfg. Co., 326 U. S. 249, 256-257..... 5

   b. A patent licensee is not estopped to challenge the validity of the patent. MacGregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407; Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 256-257 6

2. The Supreme Court of the State of Wisconsin decided a Federal question of substance not heretofore determined by this court in a way not in accord with applicable decisions of the Federal Circuit Courts of Appeal 7

a. Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 (CCA6) holds that a patent notice listing a patent number does not estop the person giving such notice from denying that the device was not manufactured under the patent listed..... 7

3. The judgment of the Supreme Court of the State of Wisconsin is a final judgment..... 8

CASES CITED

Georgeson v. Nielsen, 218 Wis. 180, 182 ... 8

Katzinger v. Chicago Metallic Mfg. Co., 329 U.S. 394, 400..... 6

Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 (CCA 6) 7, 8

Lang v. C. & N. W. R. Co., 258 Wis. 610, 612 8

MacGregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407 5

Nelson v. Madison Lutheran Hospital & Sanitarium, 243 Wis. 97, 104 8

Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 256-257, 66 S. Ct. 101, 90 L. Ed. 47 ..... 5, 6

Sola Electric Co. v. Jefferson Co., 1942, 317 U.S. 173, 63 S. Ct. 172, 87 L. Ed. 165 5

United States v. General Instrument Corp.,
115 F. Supp. 582 6

STATUTES CITED

28 U.S.C. Sec. 1257 (3) 2
35 U.S.C. Sec. 287 ..... 2, 5
35 U.S.C. Sec. 292 ..... 3, 5

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1953.

No. 512

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,

Petitioner,

vs.

ALBERT S. JOHANN,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

To The Honorable Earl Warren, Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, Milwaukee Electric Tool Corporation, respectfully prays that a Writ of Certiorari issue to review the judgment of the Supreme Court of the State of Wisconsin, dated July 3, 1953, and which the court refused to modify after a motion for rehearing on September 11, 1953.

JURISDICTION

The jurisdiction of this court is invoked under 28 U.S.C. Section 1257 (3).

On December 8, 1953 the Honorable Sherman Minton, Associate Justice of the Supreme Court of the United States, upon application, entered an order extending the time for filing a petition for Writ of Certiorari until December 31, 1953.

OPINIONS BELOW

The opinion of the trial court granting the motion of the petitioner, Milwaukee Electric Tool Corporation, for a directed verdict is not reported but appears in the transcript of the record at pages 13 - 15.

The opinion of the Supreme Court of the State of Wisconsin is reported in 264 Wis. 447, 59 N.W. 2d 637.

QUESTION PRESENTED

1. Whether in an action brought against a person to recover royalties under an assigned patent, such person is estopped to assert that a tool which he manufactures and sells under a patent owned by him merely by attaching a patent notice to such tool, which lists the patent owned by such person, and also the patent number of the patent assigned, where no claim of the assigned patent reads on such tool, and where such assigned patent infringes an earlier patent.

STATUTES INVOLVED

35 U.S.C. Section 287 as created by the act of July 19, 1952, reads in part as follows:

> Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent.

The former statute 35 U.S.C. Section 49 contains substantially the same provisions relating to marking.

35 U.S.C. Section 292 as created by the Act of July 19, 1952 provides for certain penalties for falsely marking unpatented articles. A similar provision was contained in the predecessor Statute 49 U.S.C. 60.

STATEMENT

There are no controverted issues of fact in this case. Albert Johann on May 27, 1949 (T.R. 1) brought an action against the Milwaukee Electric Tool Corporation to recover patent royalties under an agreement alleged to have been entered into in 1940. (T. R. 2.) Johann had invented a pneumatic hammer for straightening out dents in automobile bodies. (T.R. 18.) The invention was assigned to Milwaukee Electric Tool Corporation which applied for United States Letters Patent, and Patent No. 2260624 was issued in October, 1941, for the Johann tool. (T.R. 18.) The patent infringed

the earlier Stull patent. (T.R.10, 18).

Thereafter in 1942 the Milwaukee Electric Tool Corporation obtained the Beckwith-Lieber Patent No. 2282111. (T.R. 18.) The Johann patent contained no claims which read upon the Beckwith-Lieber patent. (T.R.11.)

In 1941 or 1942 the Milwaukee Electric Tool Corporation commenced manufacturing pneumatic hammers under the Beckwith-Lieber patent. (T.R. 6.) To the Beckwith-Lieber tools were attached labels bearing the legend "Patent Applied For". (T.R.23.)

After the war and from 1945 to 1948 the Milwaukee Electric Tool Corporation manufactured and sold more than 6,000 Beckwith-Lieber tools to which were affixed labels bearing both the number of the Johann patent and the number of the Beckwith-Lieber patent. (T.R.23.)

Mr. Siebert, the President of the Milwaukee Electric Tool Corporation testified at a discovery examination that both numbers were intentionally placed upon Beckwith-Lieber tools. (T.R. 7, 23, 24.) He testified at the trial, however, that he had no actual knowledge of both numbers being placed on the tools until he was questioned as a witness in a discovery examination in 1948 in connection with a patent infringement suit pending in the District Court of the United States for the Northern District of Illinois. (T.R.12, 23.) He then discontinued placing the Johann patent number on the Beckwith-Lieber tools. (T. R. 23.)

The case was tried to a court and a jury and at the conclusion of the trial the court directed a verdict for the defendant. (T. R. 15.) Upon Johann's appeal to the Supreme Court the judgment of the trial court was reversed and the cause was remanded for a new trial. (T.R. 24.) In its decision the Supreme Court, after stating that it was undisputed no Johann hammers had been manufactured and sold by Milwaukee Electric Tool Corporation, held that the company was estopped from asserting such fact because it had placed the number of the Johann invention on the Beckwith-Lieber tool.

SPECIFICATION OF ERRORS TO BE URGED .

The Supreme Court of the State of Wisconsin erred:

1. In holding that the Milwaukee Electric Tool Corporation was estopped to deny that it had not manufactured and sold Johann hammers because it had placed the number of the Johann patent on the Beckwith-Lieber tools which were covered by the claims in that patent, although it was undisputed that no Johann hammers had ever been manufactured and sold by the Milwaukee Electric Tool Corporation, that none of the claims of the Johann patent read upon the Beckwith-Lieber patent, and that the Johann patent infringed an earlier patent.

REASONS RELIED UPON FOR GRANTING THE WRIT

1. The Supreme Court of the State of Wisconsin decided a Federal question of substance

not heretofore determined by this Court, and decided such Federal question in a way probably not in accord with the applicable decisions of this Court.

The decision of the Supreme Court of the State of Wisconsin interprets 35 U.S.C. Section 287 which requires patented articles to be marked as such in order to give notice to the public that the article is patented. The decision also incidentally involves 35 U.S.C. 292, the False Marking Statute.

The decision of the Wisconsin Supreme Court also involves an estoppel arising out of an alleged patent royalty agreement. Such questions are Federal questions which are not governed by state estoppel rules. Macgregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407; Sola Electric Co. v. Jefferson Electric Co., 317 U.S. 176, 177; Scott Paper Co. v. Marcalus Mfg. Co., 336 U.S. 249, 257.

We have been unable to find any case in this Court holding that no estoppel may be applied to prevent a manufacturer from asserting that an article is not covered by a patent simply because it bears such patent license number. The present cases in this Court, however, indicate that no such estoppel arises.

In Macgregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407, which was a Writ of Certiorari to the Supreme Court of the State of Pennsylvania, this Court held that a patent licensee who was sued for royalties was not estopped to challenge the validity of the patent. The rule was applied in the decision

handed down on the same day in Katzinger v. Chicago Metallic Mfg. Co., 329 U.S. 394, 400.

The rule in these cases had its genesis in Scott Paper Co. v. Marcalus Mfg. Co., 326 U. S. 249, 256-257. In summarizing the decision in that case the court in Katzinger v. Chicago Metallic Mfg. Co., 329 U.S. 394, 400 said:

> "* * * it was (there) held that even an assignor who had sold a patent issued to itself was free to challenge the validity of the patent and thereby defeat an action for infringement by showing that the invention had been described in an expired patent."

A succinct statement of the rule was made by Judge Forman of the District Court of the United States for the District of New Jersey in United States v. General Instrument Corp., 115 F. Supp. 582 (Adv. Op.) at page 590, as follows:

> "The Supreme Court has held that a licensee may challenge the validity of a patent which he has been licensed to use, and that he is neither estopped from contesting the patent by acceptance of the license, MacGregor v. Westinghouse Co., 1949, 329 U.S. 402, 67 S. Ct. 421, 91 L. Ed. 380; Sola Electric Co. v. Jefferson Co., 1942, 317 U.S. 173, 63 S. Ct. 172, 87 L. Ed. 165, nor barred by his own covenant not to contest the patent, Katzinger Co. v. Chicago Mfg. Co., 1947, 329 U.S. 394, 67 S. Ct. 416, 91 L. Ed. 374. In all of the above cases the licenses contained price

fixing provisions, but the case of Scott Paper Co. v. Marcalus Co. (1945), 326 U.S. 249, 66 S. Ct. 101, 90 L. Ed. 47, indicates that this factor was not the gravamen of those decisions. There, where no such provision was involved, the Court held that the assignor of a patent was not estopped from contesting the validity of the assigned patent in a suit on it brought against him by his assignee."

In the case at bar the complaint alleged that the oral royalty agreement was entered into in the fall of 1940. (T.R. 2.) No patent was issued for the invention assigned by Johann to Milwaukee Electric Tool Corporation until October 28, 1941. (T.R. 18.) The Milwaukee Electric Tool Corporation did not place the patent number of the Johann tool on its patented Beckwith tool until 1945. (T. R. 6-7, 13.) The defendant stopped putting on the Johann number in 1948 when the officers first learned that the Johann patent number had been placed on the Beckwith-Lieber tool. (T. R. 12-13.) It conceded that the Johann patent infringed the earlier Stull patent. (T.R. 10, 18). In these circumstances no estoppel can be urged under the decisions of this Court.

2. The Supreme Court of the State of Wisconsin decided a Federal question of substance not heretofore determined by this Court in a way not in accord with the applicable decisions of the Federal Circuit Court of Appeals.

In Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 C.C.A. 6, a patent notice recited that the device was manufactured under

one or more of fourteen patents, the numbers of which were listed. It was contended that by such patent notice the defendant was estopped to deny that the device was not manufactured under one of the patents listed. The court held (p. 756) that no estoppel could be asserted upon the ground, among others, that during the period from 1933 to 1941 no claim was made for any royalties because of the patent notice.

In the case at bar the oral agreement was alleged to have been entered into in 1940. (T.R. 2.) The patent notice was not issued until 1945. (T.R. 23.) The plaintiff's action was not brought until May 27, 1949. (T. R. 6-7, 13.) Under the decision in Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 C.C.A.6, the Milwaukee Electric Tool Corporation is not estopped to deny that it manufactured any Johann tools.

3. The judgment of the Supreme Court of the State of Wisconsin is a final judgment.

The Supreme Court of Wisconsin by its mandate reversed the judgment of the trial court and remanded the case for a new trial. Such remand did not affect that part of the decision relating to the estoppel. The facts respecting estoppel are undisputed and will be the same at a new trial. Under the law of the State of Wisconsin the decision of the Supreme Court on the question of estoppel will be the law of the case on a subsequent trial. Lang v. C. & N. W. R. Co., 258 Wis. 610, 612; Nelson v. Madison Lutheran Hospital & Sanitarium,

243 Wis. 97, 104; Georgeson v. Nielson, 218 Wis. 180, 182. In the ordinary case where the judgment of the trial court is reversed and a new trial is ordered a decision of the appellate court is not a final determination. In the case at bar the decision respecting estoppel is a final judgment and will be the law of the case at a new trial in the Circuit Court for Milwaukee County. The judgment therefore is a final judgment for the purpose of a petition for Writ of Certiorari.

Respectfully submitted,

SUEL O. ARNOLD,

Counsel for Petitioner.